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UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES

HEARING BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS UNITED STATES SENATE EIGHTY-FOURTH CONGRESS FIRST SESSION ON

H. R. 3322 and S. 1004

TO AMEND THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949 SO AS TO IMPROVE THE ADMINISTRATION OF THE PROGRAM FOR THE UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES

APRIL 21, 1955

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UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES (H. R. 3322 AND S. 1004)

THURSDAY, APRIL 21, 1955

UNITED STATES SENATE,
COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The committee met, pursuant to call, at 10 a. m., in room 357 Senate Office Building, Washington, D. C., Senator John L. McClellan (chairman) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Samuel J. Ervin, Jr., Democrat, North Carolina; Senator Strom Thurmond, Democrat, South Carolina; Senator Norris Cotton, Republican, New Hampshire; and Senator Thomas E. Martin, Republican, Iowa.

Present also: Walter L. Reynolds, chief clerk; Ann M. Grickis, assistant chief clerk; and Richard J. O'Melia, professional staff member.

The CHAIRMAN. The committee will come to order.

We do not yet have a quorum. However, we do not have to have a quorum for the purpose of developing testimony on proposed amendments to the pending bills although we do have to have a quorum if we are to vote on the bill this morning. I think we may proceed on that premise.

This meeting was called for the primary purpose of considering proposed amendments to H. R. 3322 and S. 1004.

(H. R. 3322 and S. 1004 are as follows:)

[H. R. 3322, 84th Cong., 1st sess.]

AN ACT To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended (1) by inserting after "other supplies" the following: "(whether or not capitalized in a working-capital or similar fund)", and (2) by adding at the end thereof the following: "No property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State. In determining whether or not property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property."

SEC. 2. (a) Subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary of Health, Education, and Welfare may impose reasonable terms, conditions, reservations, and restrictions upon the use of any single item of property donated under this subsection which has an acquisition cost of \$2,500 or more."

(b) The amendment made by subsection (a) shall apply only with respect to property donated after the date of enactment of this Act.

SEC. 3. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in subsections (j) or (k) of this section. Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization."

SEC. 4. (a) In the case of personal property donated or sold at a discount for educational purposes or public health purposes, including research, under any provision of law enacted prior to the enactment of the Federal Property and Administrative Services Act of 1949, no term, condition, reservation, or restriction imposed on the use of such property shall remain in effect after the date of the enactment of this Act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within one year after the enactment of this Act.

(b) No term, condition, reservation, or restriction imposed upon the use of any single item of property donated under section 203 (j) of the Federal Property and Administrative Services Act of 1949 prior to the enactment of this Act which has an acquisition cost of less than \$2,500 shall remain in effect after the expiration of the one-year period which begins on the date of the enactment of this Act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within one year after the expiration of such one-year period.

SEC. 5. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(n) The Secretary of Health, Education, and Welfare shall submit, during each calendar quarter, a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of such House if it is not in session) showing the acquisition cost of all personal property donated under subsection (j) and of all real property donated under subsection (k) during the preceding calendar quarter to, or for distribution to, educational or public health institutions in each State, Territory, and possession. The first report under this subsection shall be made with respect to property donated during the first calendar quarter which begins after the enactment of this subsection."

Passed the House of Representatives March 17, 1955.

Attest:

RALPH R. ROBERTS, *Clerk.*

[S. 1004, 84th Cong., 1st sess.]

A BILL To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (2) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 (40 U. S. C., sec. 484) is amended by inserting immediately after "(2)" the following: "No property (including property capitalized in a working-capital fund) shall be sold under this or any other Act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research."

(b) Paragraph (2) of such subsection is further amended by striking out "the Federal Security Administrator" and inserting in lieu thereof the following: "or under regulations issued by, the Secretary of Health, Education, and Welfare".

SEC. 2. Paragraph (2) of subsection (k) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by inserting "real" immediately before "property" where it appears in subparagraphs (A) and (B).

SEC. 3. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in subsections (j) or (k) of this section. Such cooperative agreements may provide that either the Federal agency or the State agency will assume responsibility for a part of the duties of the other agency which relate to such program, and that either such agency will make available to the other agency such property, personnel, or funds as may be necessary to enable it to perform such duties."

SEC. 4. Subsection (d) of section 602 of the Federal Property and Administrative Services Act of 1949 is amended by inserting after "Nothing in this Act" the following: "(including the first sentence of section 203 (j) (2))".

SEC. 5. No restrictions or conditions on the utilization of surplus personal property donated or sold at a discount for educational purposes or public health purposes, including research, prior to the enactment of this Act under the Federal Property and Administrative Services Act of 1949 or any other Act dealing with the disposal of surplus property shall remain in effect after one year after the enactment of this Act.

The CHAIRMAN. H. R. 3322 has already been passed by the House of Representatives. As I recall, these bills were identical at the time they were introduced in the House and the Senate, but the House has processed its bill and passed it, and it is now before us with some amendments that the House adopted.

The Chair understands that the amended bill, the House bill, has the approval of the General Services Administration, and of the General Accounting Office.

I am informed also that the State agencies that are interested in this legislation and that would benefit by it, have approved the bill, at least in principle and, as far as I know, have no amendments to suggest.

Now, the House having already acted, and since the House Committee on Government Operations did hold extensive hearings on this bill and, as far as I know, there is no general objection or opposition to the measure, the Chair is under the impression, possibly, that by having a general discussion of the bill here this morning it would not be necessary for this committee to hold further hearings on it.

We have asked to be present representatives from the affected agencies, from the General Services Administration, the General Accounting Office, the Department of Defense, the Bureau of the Budget, and the Department of Health, Education, and Welfare.

May the Chair inquire, Are there representatives from the General Services Administration present?

Mr. ELLIOTT. Yes, sir.

The CHAIRMAN. Also from the General Accounting Office?

Mr. KELLER. Yes, sir.

The CHAIRMAN. And the Department of Defense?

Mr. LANMAN. Yes, sir.

The CHAIRMAN. The Bureau of the Budget?

Mr. GAMMON. Yes, sir.

The CHAIRMAN. All right. Now, the Department of Health, Education, and Welfare?

Mr. DE CAMP. Here.

The CHAIRMAN. So we have representatives of those departments here.

We also have present this morning Congressman McCormack, who introduced the bill in the House.

Congressman, you were also chairman of the subcommittee that held the hearings; were you not?

Mr. McCORMACK. That is correct, sir.

The CHAIRMAN. We are glad to have you here this morning, and we would appreciate a statement from you, or any comments that you want to make about this bill.

By the way, I will say this, again for the information of the committee, that the Chair hopes by this discussion this morning that we might be able to report the bill out without the necessity of holding further hearings.

All right, Congressman McCormack.

STATEMENT OF HON. JOHN W. McCORMACK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. McCORMACK. Mr. Chairman and members of the committee, I shall make my remarks very brief.

I commend the chairman of the committee for this informal approach, which I think is most productive because, while we had formal hearings, the whole underlying spirit was the same, the informality, and I think that any areas of differences are more likely to be developed that way than through fixed, formal hearings.

I will commend you, Mr. Chairman, and I also appreciate the opportunity of coming before you to express my views briefly on this bill.

The CHAIRMAN. Congressman, if I may suggest, I would personally appreciate it, and I think the other members of the committee would, since you held the hearings and have given this measure more study than I have been able to do, if you will give the committee the benefit of the underlying reasons for this legislation; primarily, why this bill, you think, is necessary.

Mr. McCORMACK. Well, I shall undertake to do so, Mr. Chairman.

Of course, from a broad angle, there is the question of our basic institutions, our education and our health institutions of the country. There is also involved the development of engineers and scientists, and also involved is the fact that there are billions of dollars of excess or surplus property, as far as acquisition value is concerned, some of which is usable in connection with our colleges, our universities, our hospitals, our schools, and which the record shows have been utilized very effectively in the interest of the country.

So, having these matters in mind, and the fact that there are surplus properties being disposed of daily, and the gross average return is about a little over 7 percent for 2 consecutive years, having in mind all of those factors, it was decided by the Congress, as you know,

you took action in the Senate and I took action in the House committee in 1949 to clarify the law with reference to the disposition of surplus property.

The authority, of course, is very plain, there is no question about the authority.

Well, now, the present situation arose, unfortunately, as the result of a conflict in interpretation of statutes that arose in the executive branch.

The military departments, which generate almost all of this surplus, had taken—I will not say have now, but had taken—the position that the establishment of the so-called stock funds under Public Law 216, which was enacted in August 1949, precludes the donation of stock fund inventory to educational or health institutions.

General Services, the Health, Education, and Welfare Department, and the Bureau of the Budget have thought otherwise, particularly when Public Law 754 of September 1950 reaffirmed the intent of the original statute which was Public Law 152 of the year before, with which you are acquainted.

Now, in any event, it is academic, as I view it, which group is right, since we can pass this bill. It is the duty of the Congress to decide what is to the best interest of the country in this field, or the best way in which the disposition of usable surplus property should be utilized.

The military have been selling large amounts of property at a low average gross return, and I say low not in any critical sense.

In 1 year I think that they sold a little over \$1 billion worth for a gross average return of about 7 percent, a little less; and in the other one, 6.8 percent.

The CHAIRMAN. That is what they got for it, as related to the original cost?

Mr. McCORMACK. The acquisition cost, yes, and that is gross.

The CHAIRMAN. Yes.

Mr. McCORMACK. Not with the cost deducted, not net.

The CHAIRMAN. That includes the administration costs?

Mr. McCORMACK. Yes.

And, of course, as that was sold by the military, there are other cost factors which they could not break down, but it is gross, anyway, and not net.

So, the question this legislation is designed for, is to carry out the intent of Congress as expressed in the 1949 act, as amended, and to see that property in the possession of the Defense Department, declared surplus for stock fund purposes, is available to our hospitals and institutions and universities throughout the country. In substance, that is what it provides for.

The CHAIRMAN. In other words, we believe that the overall general welfare would be served better by giving this property that is available to these institutions rather than having it sold and realize even 60 or 70 percent on the dollar of its cost.

Mr. McCORMACK. Exactly; and, of course, when other agencies or departments do not want it. They have the first opportunity.

The CHAIRMAN. After all of the several departments have said they do not want it; after the property has been cleared with the other agencies.

Senator COTTON. In other words, it is the desire to make it possible for the other institutions that need it, to get the property, rather than

to have it subject to some speculator making a dollar from it; isn't that it?

Mr. McCORMACK. Yes.

In other words, after all the other agencies of the Government have no desire for the said property, then it goes down to the State level, and that permits our colleges and our universities and our schools and our hospitals to have an opportunity of looking over the property, and what is needed and usable they can get.

Of course, it is not simply transferred without justification, it is screened, and there are specific regulations and procedures governing the transfers.

Senator THURMOND. Is it not true that when that is done that the entire public is served and the public welfare is served, rather than permitting a few people to speculate on this property?

Mr. McCORMACK. Exactly, Senator. And that is what we said in our report. That is the whole thought underlying legislation of this kind.

Now, there is necessity for early action because the agencies are continuing to sell large amounts almost daily.

For example, here is an illustration of a sale that will take place in the near future, close to \$5,200,000 worth of property at cost value. [Exhibiting document.]

So, early passage of the bill is desirable.

Now, as the chairman said, this bill was very carefully gone over. The State representatives are in agreement with us. The views of all agencies and their suggested amendments were seriously considered, and I think that the maximum of consideration was extended to their suggestions in order to make a workable bill.

The CHAIRMAN. Most of the amendments of the House were clarifying amendments, or technical provisions, were they not?

Mr. McCORMACK. That is true.

The CHAIRMAN. But there is no change in the basic policy or the principle, as contained in the original bills?

Mr. McCORMACK. No real change except that we decided that compliance should be limited to items of an acquisition cost of \$2,500 or more.

Now, mark that; that is acquisition cost.

This looks like a fair sampling. Of course, the State agencies would like to see this figure raised to \$10,000, or abandoned altogether on the theory that the States are sovereign bodies and just as trustworthy as the Federal Government.

On the other hand, H E W would like some other arrangement so they would have more compliance. I have a recollection, Senator McClellan, that you were of the opinion that the Federal Government should not expend too much money in giving property away, and this \$2,500 is a compromise, and I think a wise compromise, made in the subcommittee of which I was a member, and confirmed by the full House Committee on Government Operations.

Now, the abuses you hear about, occurred almost entirely under the 1944 act, and the acts subsequent to that, up until the 1949 act that you and I are so well acquainted with, and there have been very few abuses since that time.

Now, we are dealing with reliable institutions, dependable institutions. It is one thing to make human mistakes, and another thing to

do something that is wrong from the beginning, and you and I know that the colleges and universities and the hospitals of our country in seeking this property and getting it, are going to use it, and I do not think that it is wise to have that constant detailed Federal supervision, where the States have double records for a period of 4 years (HEW considers reducing it to 2 years)—and the States felt that the small items, as far as cost is concerned, should be given to them without that punitive supervision.

Now, there is always a way of checking into, a way of finding out if the donees are not living up to the rules, and we thought that under the circumstances the bill was a very good one.

Now, rather than consider other new organizations and groups as donees, and some of them are desirable, I am very much impressed with some of them, my committee felt that we ought to provide for the schools and hospitals first and consider the others separately like civilian defense, and I am strongly for that, and some of the other groups.

You cannot make it too wide, too extensive; but we feel that if we tightened this up, then the others who might benefit could be considered on their merit.

The CHAIRMAN. I can say, speaking for the Chair, I feel the same way about it. I do not want this bill wrecked with expanding amendments. I would rather pass on this legislation and let the others come in on their merits and be heard and establish their case and be considered at a later date.

Mr. McCORMACK. Well, thank you, Mr. Chairman. That is the way I feel and my committee feels.

After having this established, then others may come in, and this basic law will inure to their benefit.

The CHAIRMAN. Do any members of the committee have any questions?

Senator COTTON. I just have one.

I notice in the presentation that you referred to colleges and hospitals. Will this inure to the benefit of elementary schools?

Mr. McCORMACK. Oh, yes.

Senator COTTON. And we have those agencies in the State for that purpose.

Mr. McCORMACK. Exactly. Each State, or practically every State, has its own State agency, and this will benefit not only universities and colleges, but the schools.

The CHAIRMAN. And the elementary schools might be benefited most from it.

Mr. McCORMACK. Yes; tremendously.

The CHAIRMAN. It has been a very satisfactory program from our point of view, that is my feeling.

Senator COTTON. What were some of the other organizations that want to get under this?

Mr. McCORMACK. I think the American Red Cross, the National Red Cross.

The CHAIRMAN. Yes, the Red Cross, insofar as it would relate to personal property originally donated to the Government by the Red Cross.

Mr. McCORMACK. And the Civilian Defense, and there are 1 or 2 others.

Mr. Ward?

Mr. WARD. Yes.

Mr. McCORMACK. There are a number of other possible donees, a number of other groups, such as civilian agencies, the United Cerebral Palsy people, the recreation units, volunteer fire departments, sanitation districts, and so forth, have indicated their desire to be included in it.

I want to add that our committee thought that it would be most impracticable for HEW to obtain an appropriation with which to buy surplus property from other agencies in order to keep the records in balance. The GAO, in a formal opinion, advised that the authority to donate is the authority to take proper credit in the accounting records.

The CHAIRMAN. Mr. Ward is clerk of your committee?

Mr. McCORMACK. Yes. I might say that he rendered valuable service, invaluable service, and I welcome this opportunity of congratulating him. The House committee knows what appreciation I have for his valuable work.

The CHAIRMAN. And the Chair wants to recognize Mr. Ward because he has worked very closely with our staff. They worked together, and I think he has done an excellent job.

Mr. McCORMACK. There has been close unison, and I also want to express my appreciation to your staff because Mr. Reynolds talked to me several times, not only on this but other bills.

The CHAIRMAN. Any questions by members of the committee?
(No response.)

The CHAIRMAN. If you want to stay around a few minutes, Congressman, we are going to give the agencies an opportunity to express their views.

Who appears for the General Services Administration? Is it Mr. Elliott?

Mr. ELLIOTT. Yes, sir.

The CHAIRMAN. Will you come forward, Mr. Elliott.

**STATEMENT OF MAXWELL H. ELLIOTT, GENERAL COUNSEL,
GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY
JOHN THOMAS, DIRECTOR, PERSONAL PROPERTY UTILIZATION
DIVISION, FEDERAL SUPPLY SERVICE, GENERAL SERVICES
ADMINISTRATION**

The CHAIRMAN. Mr. Elliott, you and Mr. Thomas represent the General Services Administration. It is your agency, I believe, that administers the Surplus Property Act; is that correct?

Mr. ELLIOTT. Yes, sir; we do.

The CHAIRMAN. All right. We would be glad to have you give the committee your comments on this legislation.

Mr. ELLIOTT. All right, sir.

I will be very brief, because I do not want to intrude on the time of the committee.

I might say that we substantially favor the bill as it passed the House, that is before this committee.

On this question that Congressman McCormack talked about, the matter of compliance, our feeling is that the States can do the policing

themselves more effectively and at less cost to the taxpayers than if the Federal Government does it.

We feel also that if a State should be out of line, there are adequate general powers and sanctions in the Secretary of Health, Education, and Welfare so that the Secretary could work with the governor of the affected State and see that situation was brought into line. We think, basically, that is a State problem.

We feel for that reason that the \$2,500 limitation, as Congressman McCormack said, is a reasonable compromise; in other words, with that limitation it will eliminate this costly policing, because that is 85 percent of it.

Is that right?

Mr. THOMAS. That is right.

The CHAIRMAN. Your agency is not the one that does the policing, is it?

Mr. ELLIOTT. No, sir; but we have had some experience; and we are basing it on our experience. There are a few minor donation programs in which the enforcement responsibility was inherited by General Services Administration rather than Health, Education, and Welfare, and in that limited field, based on our experience, we just think this Federal policing of every single piece of property is not effective.

The CHAIRMAN. And, based on what Congressman McCormack said, the \$2,500 would be a very small percentage as far as its actual value?

Mr. ELLIOTT. That is right.

The CHAIRMAN. That is, if it was disposed of as surplus property.

Mr. ELLIOTT. Yes, sir.

The CHAIRMAN. Do you have any suggestion or any other amendments, any clarifying amendments?

Mr. ELLIOTT. We have two minor suggestions, and they are largely technical amendments.

In section 4-A of the bill—

The CHAIRMAN. That is the House bill, H. R. 3322, is it not?

Mr. ELLIOTT. Yes, sir.

The CHAIRMAN. I may say that the Chair has in mind giving primary consideration to the House bill, which already has a number of amendments that met with general approval, so we will look to the House bill for your suggestions. That is what you have in mind?

Mr. ELLIOTT. Right, sir.

This is the House bill, then, section 4-A, which is the section which removes the restrictions.

In lines 14 and 15 it refers to personal property donated or sold at a discount for educational purposes of public health purposes.

There is some property that has been sold under prior acts at a discount for memorial purposes, in which GSA inherited the compliance responsibility.

We would like to see those restrictions removed also, and therefore suggest that that language be changed to read:

* * * or sold at a discount for memorial, educational, or public health purposes.

The CHAIRMAN. That is, you would add "memorial" to that line; that is the way you would have it?

Mr. ELLIOTT. That is correct, sir; that being so that they would all be treated alike.

The CHAIRMAN. The clerk will please take note of the suggestion.

Mr. ELLIOTT. The only other change we have is in the last section of 4-A, lines 23 to 25, the last sentence, where it reserves cases that are in the courts. Lines 23 to 25 say:

* * * if a judicial proceeding to enforce such liability is commenced within one year after the enactment of this Act.

Technically speaking, that might be construed as meaning that it reserves only the judicial proceedings that have been commenced within that year and would not reserve those that had been commenced prior to that time, and we are a little fearful of it because, as you know, criminal statutes are construed rather strictly.

So, we would suggest a clarification change there, to read:

* * * if a judicial proceeding to enforce such liability has been commenced prior to or within one year after the enactment of this Act.

The CHAIRMAN. After the word "liability"?

Mr. ELLIOTT. Yes, sir.

The CHAIRMAN. After the word "liability" you would say "has been commenced or is commenced within one year after enactment of this Act." Is that your suggestion?

Mr. ELLIOTT. That is right.

The CHAIRMAN. All right.

Do you have any others?

Mr. ELLIOTT. I have just one minor suggestion that I would like to place on the table for consideration, without making a special point of it.

That is that, as you know, under the Federal Property Act, the Administrator of General Services Administration is generally required to make regular reports to the Congress on all the activities coming under the act, and it might possibly be that the Congress would wish the particular reports required by this bill, presently required to be made—this is page 4, line 16—to be made by the Secretary of Health, Education, and Welfare, rather than have a separate report from the Secretary, to have that incorporated as a section in the GSA report.

There are advantages and disadvantages both ways. One way is that you get a single report and that is the advantage of having it in the GSA report.

The disadvantage, of course, is that it would then be included among a lot of other things, and if the Congress wants a separate report of donations, then perhaps it should be left to the Secretary.

The CHAIRMAN. I would rather think I would rather leave it this way. That is my thought about it. If it comes in as a separate report it will get, I think, better attention of the committee and the staff of the committee than if it is considered in an overall report and we have to dig it out. I believe I would rather leave that section as it is.

Mr. ELLIOTT. Yes. We just wanted to explain to the committee, that is all.

The Chairman. Any questions from any members of the committee? (No response.)

The CHAIRMAN. Thank you very much, gentlemen.

Now, the General Accounting Office. Is Mr. Keller here?

STATEMENT OF ROBERT KELLER, ASSISTANT TO THE COMPTROLLER GENERAL, GENERAL ACCOUNTING OFFICE

The CHAIRMAN. Mr. Keller, we would be very glad to have the views of your Office with respect to this.

Mr. KELLER. Mr. Chairman, we appeared before the House committee when they held hearings on this bill.

The main point in the original House bill, which we felt very strongly about, was that it would provide no restrictions as to the ultimate use of personal property regardless of the value of the property donated.

There was considerable discussion in the committee, and later I talked with Mr. McCormack about specifying an amount under which no restrictions would be placed on the use. A compromise was reached at \$2,500 by the House committee.

I cannot say that the GAO endorses \$2,500.

However, we must recognize that the \$2,500 is an acquisition cost and, as pointed out by you, Mr. Chairman, in most cases it could be that the actual value of the property when transferred would be 7 percent, 10 percent, or 20 percent of the acquisition cost.

All in all, recognizing that the \$2,500 is a compromise, we would have no objection to the bill.

The CHAIRMAN. Was it your original thought that the amount should be less, that that figure should be less; is that it?

Mr. KELLER. Yes, sir. It was my original thought that it should be less. Very frankly, I was thinking of around \$500.

Now, I base that on the GAO report Mr. McCormack mentioned that we made to the House Expenditures Committee in 1951. We made a survey of some 21 States, to find out what was being done by the schools and educational institutions, with the property that had been turned over by HEW under the disposal program.

At that time we found a number of instances of abuses of the use of the property after it was turned over.

It is my understanding that the whole procedure has been tightened up since that time.

Also, I would like to point out that while we think the cases were serious, we were also dealing with a very large disposal program after World War II where conditions were not perfect, for the disposal of surplus property.

The CHAIRMAN. Well, the most flagrant abuses were found prior to the 1949 act, were they not?

Mr. KELLER. That is true, but I think that needs a little bit of explanation because the bulk of the cases at that time, considering that the report was made in 1951, were naturally disposals made prior to the 1949 act.

The CHAIRMAN. Yes.

Mr. KELLER. In other words, we had 6 years' experience under one act, and 2 years under the other.

The CHAIRMAN. I see that the Hoover Commission has recommended the \$2,500 figure in its report on surplus property.

Mr. KELLER. Yes, sir; I understand it has.

The CHAIRMAN. You do not think the \$2,500 figure is entirely out of line?

Mr. KELLER. No, with the understanding that HEW is still going to police the State agencies and make sure that they do a good job. Certainly I do not recommend that you follow the use of every hammer and screwdriver for 5 years, to see what they finally do with them. It would cost much more than it would be worth.

The CHAIRMAN. Are there any other questions?

(No response.)

The CHAIRMAN. Do you have any suggestions as to amendments to the bill as it passed the House?

Mr. KELLER. No, sir; I do not. I have listened to the amendments suggested by Mr. Elliott and I would certainly endorse those. I do not know what the other agencies have to offer.

The CHAIRMAN. Any questions?

(No response.)

The CHAIRMAN. Thank you very much, Mr. Keller.

Now, we have the representatives of the Bureau of the Budget, Mr. Gammon is here.

STATEMENT OF HOWARD GAMMON, BUREAU OF THE BUDGET

Mr. GAMMON. I have a letter, Mr. Chairman, from the Acting Director.

The CHAIRMAN. You have a letter from the Acting Director of the Bureau of the Budget?

Mr. GAMMON. Yes, sir.

The CHAIRMAN. All right, thank you very much.

In order that the letter may be inserted in the record, I shall read it hurriedly:

This will acknowledge your letter of March 19, 1955, inviting the Bureau of the Budget to comment on S. 1004 and H. R. 3322 (as passed by the House), bills to amend the Federal Property and Administrative Services Act of 1949, so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes. On February 21, we reported to you on S. 1004 (which is identical in language with H. R. 3322 as introduced). Also enclosed was a copy of the Bureau's report on February 15 to the chairman of the House Committee on Government Operations.

The position of the Bureau of the Budget may be summarized as follows: we would favor (1) enactment of the provisions of section 1 of H. R. 3322 relating to working capital funds; (2) elimination of the State certification provision of section 1 of the House bill; (3) elimination of section 2 of the House bill, and insertion in lieu thereof of a new section which would (a) require that surplus property be donated for educational and health purposes only through a State agency, and (b) authorize the Secretary of Health, Education, and Welfare to prescribe minimum standards for the operation of such State agencies; (4) insertion of language in the revised section 2 allowing the Secretary to include in such minimum standards reasonable terms and conditions provided that no restrictions could be placed upon the use of any such donated property after it had been placed in use by an eligible donee; (5) approval of section 3 of the House bill provided section 2 is revised as suggested; (6) enactment of sections 4 (a) and 4 (b) of the House bill with minor technical amendments; and (7) revision of section 5 of the House bill to limit the quarterly reports to the donation of personal property (excluding transfers of real property), to include all donations of personal property authorized by the act, and to have the reports made by the Administrator of General Services (instead of by the Secretary of Health, Education, and Welfare).

A detailed discussion of the reasons for, and the effect of, the changes proposed by the Bureau is given in the enclosure.

If desired by the committee, representatives of the Bureau will be available to discuss further the views stated herein.

The letter is signed by Percival F. Brundage, Acting Director.

We will also let the analysis submitted with the letter be made a part of the record.

(The analysis referred to follows:)

BUREAU OF THE BUDGET STAFF ANALYSIS OF S. 1004 AND H. R. 3322 (AS PASSED BY THE HOUSE ON MARCH 17, 1955)

1. DONATION OF SURPLUS PERSONAL PROPERTY FROM WORKING CAPITAL (STOCK) FUNDS

The provisions of section 1 of each bill, though differently worded, have in common the purpose of making it abundantly clear that the surplus personal property carried in working capital funds or similar financing arrangements should be made available for donation on the same basis as other property. This section as passed by the House incorporates our suggestion to modify the original language which would have required prior review by the Department of Health, Education, and Welfare of all surplus property before it could be sold. We felt that this requirement would have involved unnecessary delays and complications in the disposal of all surplus personal property. We believe this was corrected by the language in the bill passed by the House.

2. CERTIFICATION OF USABILITY AND NEED BY A STATE AGENCY

We recommend the deletion of the following sentence from section 1:

"No property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State."

This sentence would require certifications to be made by States to the Secretary of Health, Education, and Welfare as to donation of surplus property to educational institutions of special interest to the armed services, pursuant to paragraph (3) of section 203 (j). Since the determination of usability and need in such cases is vested in the Secretary of Defense, it would seem that if any certification by a State official is required, it should be made to the Secretary of Defense.

3. RESTRICTIONS UPON THE USE OF DONATED SURPLUS PERSONAL PROPERTY

Section 2 of each of the bills deals with the question of the need for, and the wisdom of, imposing restrictions upon the use or resale by the donee of surplus personal property. S. 1004 would eliminate all such restrictions upon the use of donated surplus personal property. The Bureau's letter of February 15 endorsed the principle of eliminating restrictions placed on the use or resale of surplus personal property, provided the Congress made it clear that "the Secretary of the Department of Health, Education, and Welfare would continue to have (a) responsibility for determining the need for and usability of surplus property prior to its donation, and (b) authority for taking steps to assure that State agencies have adequate and effective systems for distributing such property to qualified users."

We believe the language of section 2 of H. R. 3322 as revised by the House could operate not only to prevent the Secretary of Health, Education, and Welfare from imposing restrictions upon use of single items of donated surplus personal property which had an acquisition cost below \$2,500, but also to prevent the imposition of a requirement for certification of bona fide need by the donee institution and other reasonable conditions precedent to the making of a donation.

We believe that an unrestricted, clear title should pass to the donee institution at the time that institution receives donated surplus personal property. We understood that section 2 of S. 1004 was intended to have this effect by authorizing restrictions upon use (i. e., limitations upon a clear title to transferred property) to be applied only to real property.

While we have no objection to the complete elimination of use restrictions, we think it is necessary to provide explicit authority for the Secretary of Health, Education, and Welfare to establish minimum standards for operation of State distribution systems and to conduct sampling inspections including verification of selected transactions to assure that property was in fact delivered to a qualified applicant on a valid certification.

We believe the Secretary of Health, Education, and Welfare should have explicit authority to withhold allocations of property in any State which did not maintain an adequate system. We do not suggest withholding allocations because of isolated irregularities but only when the frequency or character of such irregularities indicated that the State system for control was inadequate.

4. SPECIFIC AUTHORITY NEEDED FOR ENFORCING MINIMUM STANDARDS OF OPERATION

After an extended investigation in 21 States by the General Accounting Office, undertaken in 1951 at the request of the Congress, the Department of Health, Education, and Welfare tightened its administrative controls over the donation program. The principal complaint concerning prior administration of the donation program had been that Federal surplus property had been allowed to accumulate for long periods in State agency warehouses. We believe it impractical to prescribe by law how long such property may remain in a State agency warehouse, but we suggest that section 2 of the bill be modified to require adequate accounting and inventory controls over the Federal surplus property in such warehouses. We believe it is especially important that the Federal Government be provided with information concerning the quantities of property accumulated in these warehouses because the Federal Government holds title to this property even though it is in the custody of State employees.

We believe the suggestions made above could be accomplished by substituting the following language for section 2 of the bill:

"SEC. 2. (a) Paragraph (2) of section 203 (j) of the Federal Property and Administrative Services Act of 1949 is amended by striking out the period at the end of such paragraph, and by inserting in lieu thereof a colon and the following: 'Provided, That property shall be distributed within a State only through a State agency designated by State law, for such distribution pursuant to this paragraph; and provided that the Secretary of Health, Education, and Welfare shall prescribe minimum standards under which the State agencies shall operate and maintain controls over such distribution within each State, and the Secretary of Health, Education, and Welfare shall have authority to withhold transfer of property if such minimum standards are not met;'

"(b) The minimum standards of operation prescribed by the Secretary shall include a requirement that the State agency shall maintain accurate permanent records of all property received, on hand in State warehouses, and distributed, and that State agencies shall make available to the Secretary periodic inventory reports showing the value at acquisition cost of surplus property accumulated in State warehouses pending distribution to qualified applicants;

"(c) Such minimum standards to be prescribed by the Secretary may also include reasonable terms and conditions precedent to the donation of property but shall not impose any restrictions upon the use of such donated personal property after it has been placed in use by an eligible donee."

I. AUTHORIZATION FOR COOPERATIVE AGREEMENTS WITH STATE AGENCIES

Section 3 of each bill would authorize the Secretary of Health, Education, and Welfare (and also the head of any other Federal agency designated by the Secretary) to enter into cooperative agreements with State departments of education or health, and with other State agencies cooperating in the programs for disposal of surplus property. These agreements would contemplate utilization of the appropriate State agency by the Federal agency in carrying out the program, and would also authorize the Federal agency to make property, facilities, personnel, and services available to the State agency.

The Bureau's letter of February 15 expressed opposition to the original wording of section 3 because we believed it was too broad a grant of authority to delegate basic Federal functions without a clear requirement for meeting minimum standards. The revised language of section 3 (as passed by the House) avoids specific permission to delegate Federal responsibility for essential controls, but we believe it is still too broad unless the Secretary of Health, Education, and Welfare is given specific authority to prescribe minimum standards as provided in the language we have suggested for section 2 of the bill.

As stated in our report on the bill as introduced, we do not "object to cooperative agreements permitting cross servicing with respect to service functions and routine operations, provided there are adequate fiscal controls."

6. TRANSITIONAL PROVISIONS AS TO LIMITATIONS ON THE USE OF DONATED SURPLUS PERSONAL PROPERTY

The Bureau agrees with the intent of section 4 (a) to give local institutions unrestricted title to personal property donated or transferred under provisions of law enacted prior to 1949. We recommend, however, that the wording of the second sentence of this subsection be revised to preserve the Government's rights in connection with enforcement actions commenced prior to, and pending at the time of, the enactment of this bill.

A corresponding change is suggested in the wording of section 4 (b) to preserve the Government's rights in connection with disposals made under the Federal Property and Administrative Services Act of 1949, as amended, provided that the liability of the violator of restrictions accrued not later than 1 year after the enactment of this bill.

7. QUARTERLY REPORTS TO THE CONGRESS ON DONATIONS MADE IN EACH STATE

Section 5 of the bill would amend section 203 of the Federal Property and Administrative Services Act of 1949 by adding a new subsection "(n)" requiring quarterly reports by the Secretary of Health, Education, and Welfare to the Senate and House. These reports would show the acquisition cost of all personal property donated to eligible institutions in each State under subsection (j) and of all real property donated under subsection (k).

Such reports are now available within the executive branch; and, if they would be useful to the Congress, we believe they should be submitted as provided by this section. We suggest, however, that the reports be submitted by the Administrator of General Services rather than by the Secretary of Health, Education, and Welfare. The Administrator of General Services actually makes the donations, after the Secretary of Health, Education, and Welfare has allocated property for donation.

Furthermore, the Secretary of Defense also may allocate property for donation to educational activities that are of special interest to the armed services (see. 203 (j) (3) of the Federal Property and Administrative Services Act of 1949). These transactions do not come to the attention of the Secretary of Health, Education, and Welfare, but we believe they should also be included in reports to the Congress on donations of surplus personal property.

A report to the Congress from the Secretary of Health, Education, and Welfare would cover a smaller fraction of the total donation program if the Congress acts favorably on any of the various proposals to add civil-defense organizations or other groups to the list of eligible donees for surplus personal property.

Section 5 of the bill would require quarterly reports for both real and personal property. We believe the transfer of surplus real property is a special problem and that the committee should consider the advisability of modifying the language slightly to require quarterly reports only for surplus personal property donations.

We should, of course, provide the Congress with whatever information it needs concerning transfers of surplus real property; but the House committee report indicated that the reason for adding section 5 to the bill was to provide the Congress with information concerning the equity of distribution among the States.

This is not a problem with respect to real property which normally is transferred to an eligible institution within the same State (movable buildings are sometimes an exception). Furthermore, surplus real property is transferred for a variety of purposes other than education or public health, including historic monuments, parks, recreational areas, wildlife refuges, airports, and power-transmission lines.

The CHAIRMAN. Any further comment, now?

Mr. GAMMON. Yes. I should emphasize that the effect of what was said would be really to make three changes; strike one sentence out of section 1—

The CHAIRMAN. Let me see, what sentence is that, now?

Mr. GAMMON. That is the sentence beginning at line 8 on page 1, sir.

The CHAIRMAN. Where it says:

No property shall be transferred under this subsection—

Mr. GAMMON. Correct, sir.

The CHAIRMAN (continuing):

Until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State.

Why would you want to strike that?

Mr. GAMMON. Sir, our reasons are given on the first page of the attachment.

The reason is that this language would require a State certification to be made to the Secretary of Health, Education, and Welfare about property which the Department of Defense wants to donate to such groups as the Boy Scouts, Girl Scouts, or the Campfire Girls, military preparatory schools, or any of various other special educational activities to which the Department of Defense can allocate property under section 202 (j) (3) of the act as it is now. We think there is a technical deficiency there.

We believe the intent of this sentence was to establish the State as an exclusive channel for distribution. Although we have no objection to such use of the State, we think this is the wrong wording to require that distribution be made only through a State agency. We are fully in accord with using the State as a certifying and exclusive distribution channel for surplus property. We think the revised wording we suggest for section 2 of the bill would more effectively carry out what we understand to be the intent of the sponsors of the bill.

The CHAIRMAN. All right, we will have our staff look into it and give further thought to it.

Mr. GAMMON. The next change and really the most important change is revised wording for section 2.

The CHAIRMAN. What do you have in mind there?

Mr. GAMMON. We propose that this section be reworded completely. First, establish the States as exclusive distribution agencies;

Second, to direct the Secretary of Health, Education, and Welfare to prescribe minimum standards for participating State agencies in distributing such surplus property to eligible institutions;

Third, to specify those standards would include requirements for maintaining inventories of such Federal property in State warehouses. As you know, the States do not hold title, they are merely distributors of such Federal surplus property to the eligible institutions.

Last, that the conditions which the Secretary of Health, Education and Welfare could impose would not include any restrictions upon the use of the property after it had been put in use by a donee. In other words, we are more in accord with the bill as you introduced it as S. 1004, with respect to eliminating use restrictions upon the donee than the House bill is.

In other words, we are not in accord with the \$2,500 compromise.

Senator COTTON. Mr. Chairman, may I give you my proxy? Somebody has called, and I have to leave.

The CHAIRMAN. I might say that apparently we are not going to be able to vote out the bill today, Senator.

Senator COTTON. Well, if you will, I would like to have you vote for the bill for me.

The CHAIRMAN. Thank you. I did want to get the bill out, but we cannot do it without a quorum present.

Now, Mr. Gammon, you do not have any suggested language, in the bill?

Mr. GAMMON. We do, sir. It is found in the attachment here, the words we suggested for that purpose.

The CHAIRMAN. All right.

Mr. GAMMON. The words are on page 3 of the attachment which you have, sir.

The CHAIRMAN. All right.

Mr. GAMMON. This is the major change, the change in section 2 is the major change. We propose there are minor rewordings which are not controversial, which the other agencies have agreed to, in section 4 (a), in section 4 (b), and the reporting section 5. The GSA witness discussed the question of who would make that report. The Bureau prefers that GSA make the report.

We also would suggest to the committee it might want to limit the report to donations of personal property, since in real property transfers we do not have the problem of equitable distribution among the States. The House committee indicated its reason for inserting section 5 in the bill was so that the committee and the Congress would be informed of what was being donated to each State to insure that there would be equitable distribution among the States of this surplus Government personal property. We think the purpose might be better served if the reports dealt only with donations of surplus personal property. We agree that such reports might be of value.

The CHAIRMAN. Let me ask you this. Apparently some of the agencies are going to be in slight disagreement in this matter.

Do you know whether this bill as passed by the House is workable; do you think it can be properly administered?

Mr. GAMMON. We are not satisfied, sir, that it preserves the authority of the Secretary of Health, Education, and Welfare to maintain essential controls which will insure that the property goes only to qualified donees and is not improperly diverted before it is placed in use by a school or health institution. That is the reason for our suggestion in section 2. We believe there is urgent need for revision of this one section to make the bill workable.

We are not in disagreement with the main purpose to establish the donability of surplus stock-fund property; and we never have been, as far as the Bureau of the Budget is concerned.

The CHAIRMAN. You do not oppose that?

Mr. GAMMON. No. This was made clear in the Bureau's testimony on H. R. 3322 before the House subcommittee.

The CHAIRMAN. Any questions by members of the committee?

Senator ERVIN. Your proposed amendment on page 3 says:

Property shall be distributed within a State only through a State agency designated by State law for such distribution pursuant to this paragraph.

Is there not a danger if that is incorporated that some States might not have a State agency designated pursuant to this paragraph?

There are a lot of State legislatures that could be out of session, some of them for 2 years.

Mr. GAMMON. Perhaps a technical change in the wording we propose might be necessary, such as to say "a State agency designated pursuant to State law." Presently there are State agencies in all but three States and I am informed there is no statutory impediment in

these States to the creation of a State agency. For some reason that we do not know, apparently the governors in those three States had elected not to establish a State surplus property agency.

Senator ERVIN. Some States like mine have several agencies. For example, we have one agency with respect to hospitals and quite a different one with reference to educational institutions.

Mr. GAMMON. Well, the intent was to establish that the State would be used as the channel, which we understood was the intended meaning of the sentence in section 1 requiring the State certification. We agree in purpose. It is a question of how to word that.

Senator ERVIN. And I think there would be also some authorized State agencies other than an agency pursuant to this paragraph.

Mr. GAMMON. Perhaps the wording should be changed. Our intent was to require action (in whatever form was appropriate under the law of each State) to fix responsibility for distribution in a State agency, designated either by the governor or by the legislature of each State.

Our language would merely establish that there must be such a State agency (however, it might be appropriately established) and that the Federal Government would not donate property to individual institutions except through appropriate State agencies, which we believe was the intent of the House committee in inserting (in sec. 1) a requirement for a State certification.

Senator THURMOND. You would not have any objection if it was revised to provide for legislative action or executive authority?

Mr. GAMMON. Not a bit.

Senator THURMOND. And that would leave it wide open for the State to determine.

Mr. GAMMON. The governor, if he has legal authority, could designate the State agencies—well, that is a matter of State constitution and State law, of course, and we have no opinion as to how a particular State should establish its State agency.

The CHAIRMAN. Thank you very much.

Now, we have the Department of Defense, represented by Mr. Lanman, Mr. Vick, Mr. Sundstrom, Mr. Jenkins, and Mr. Zucker.

STATEMENT OF MAURICE H. LANMAN, JR., ASSISTANT GENERAL COUNSEL (FISCAL MATTERS); ACCOMPANIED BY WILLARD O. VICK, ASSISTANT COUNSEL; JOHN W. SUNDSTROM, CHIEF, DISPOSAL DIVISION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (SUPPLY AND LOGISTICS); JAMES C. JENKINS; AND MELVIN K. ZUCKER, COMPTROLLER'S OFFICE, DEPARTMENT OF DEFENSE

Mr. LANMAN. May I say that the position of the Department of Defense on the matter of the application of donable property provisions to stock-fund property has always been that the Congress should consider the matter and clarify the law and its intent in that respect, and I would like to say that this statement is offered in that spirit, in the spirit of only laying before the committee the facts that we believe should be considered in that connection, and not in any spirit of renewing any academic arguments or in any argumentative sense at all, sir.

The CHAIRMAN. All right.

Mr. LANMAN. Mr. Chairman and members of the committee, I appreciate an opportunity to appear before you today to discuss this proposed legislation.

In presenting the position of the Department of Defense, I should like to cover three main points.

(1) The Department of Defense does not oppose in any way a program to make available to educational and health institutions Federal property which is surplus to the needs of the Federal Government and which can be effectively utilized by these institutions.

(2) The problem of supply management and discipline within the Department of Defense and its responsibility to the Congress and to the taxpayers for businesslike operations of all the functions of the Department and in particular supply management.

(3) To propose within the framework of these desired objectives—of maintaining a donable program and at the same time operating the vast enterprises of the Department of Defense on a businesslike basis—a possible solution.

Aware of the constitutional provision, that the Congress has the sole authority over the disposition of Federal property, the Department of Defense has always taken the position that properties surplus to its needs must be disposed of in a manner consistent with the expressed intent of the Congress.

In our endeavor to implement statutory authority granted by the Congress for the operation of activities in the Department of Defense, procedures and regulations were promulgated based upon what was legally determined to be required pursuant to the mandate of Congress. These procedures and regulations as implemented insofar as they affected the area relating to donations of property to public health and educational institutions, raised certain legal questions as to their conformance with other legislative provisions which appear to require statutory clarification.

This bill, as passed by the House, removes all doubt as to intent of that body with respect to the source of property that shall be available for the donable program.

Section 1 would amend the present provisions of section 203 (j) of the Federal Property Act of 1949, to provide that in determining surplus property to be donated to State health and educational institutions, including research, property held in working-capital funds of the Department of Defense established pursuant to the provisions of section 405 of the National Security Act, shall be subject to such a determination.

Congress by specific legislation has authorized certain Government agencies to establish working-capital funds, the purpose of which is to finance inventories held for the use of the agency. In the case of an activity engaged in the business of purchasing and storing materials for eventual distribution the working-capital fund would take the form of a stock fund. The working-capital fund is required to be accounted for on the same basis as a private business, and most important the fund is intended to be self-supporting.

Because of the fact that approximately 90 percent of the Government's surplus property is generated in the Department of Defense and since a substantial percentage of such property is held in working capital or stock funds of the Department, the impact of this legisla-

tion on the operations of working capital funds in the Department of Defense, as well as the reasoning behind the Department's position based on the present provisions of law, may not be readily apparent, it is believed that a brief explanation of stock funds is desirable.

STOCK FUNDS IN THE DEPARTMENT OF DEFENSE

Congress in its wisdom, realizing the enormity of activities in the Department of Defense, decided to provide the means by which control and accounting for the costs of operations of this vast enterprise could be accomplished. The resulting legislation, Public Law 216, 81st Congress, amended the National Security Act of 1947 by adding title IV of which section 405 authorizes the establishment of working-capital funds in the Department of Defense. The statute prescribes that working capital of the funds shall be provided by capitalizing inventories together with enough cash for normal operating purposes. This cash has been derived from unused balances of old appropriation not available for any other purpose.

The Secretary of Defense is authorized to prescribe regulations governing the operations of the fund. As expenditures for procurement and authorized expenses of the fund are incurred, the cash of the fund is reduced; but it is subsequently replenished by cash received for material issued at cost. This is assured by a mandatory requirement that the fund be charged for cost of material and reimbursed from its customers for all property sold to them. The fund is thus retained intact.

There are 3 stock funds in the Department of Defense, 1 for each of the military departments. There are, however, divisions under each stock fund established by categories of material, such as subsistence, clothing, fuel, medical-dental supplies, spare parts, and so forth. These divisions once established are managed by a supply organization regardless of location of inventories much in the same way as a large commercial merchandising activity, such as the Sears, Roebuck stores.

The principles of stock fund operations might be best illustrated through an example: A business-type enterprise—the naval stock fund—“owns” all the fuel oil of the Navy. This enterprise is operated by the Navy, of course, but no oil is issued or consumed unless there is a charge to the current appropriations and the current allotment of the commander of the ship or the shore station. Therefore, the stock fund either has the oil or the funds which it received from the appropriation—one or the other. Thus the integrity of the working inventory and mobilization reserve are maintained. Because there are no free issues under this type of operation, the consumption of resources or the use of the material is controlled by action of the Congress in making appropriations. Only when an allotment to a station commander from an appropriation for the purpose is available to receive the charges can the material be withdrawn. This principle is being applied to consumption-type materials and equipment in the Department of Defense. This is accomplished by capitalizing the inventory on hand together with providing enough working capital to handle the turnover.

Aside from the obvious advantages resulting from improved management of the large inventories—and the examples of these improve-

ments are numerous—the principle has introduced a discipline in terms of the attitude of the user of the property which has not heretofore been present, that is, that the commander of the post, camp, or station can only procure from the stock fund when he has funds which have been made available by the Congress through the appropriation process to “pay” for what he uses. The practice of making charges—rather than the old practice of “free” issue—for material taken off the shelf is, in the opinion of many, who have given serious thought to the problem, the most effective means of achieving supply control and efficiency and economy in the use of resources in day-to-day operations. The statute—section 405 of the National Security Act—is mandatory in this regard. It provides that the stock fund shall be reimbursed for the supplies, stores, and materials when issued. This section of the law goes further, however, in its encouragement of good supply practice and it provides that when the ship or station commander has supplies on hand which are not required for use, he can return them to the stock fund for credit to his appropriation. I should like at this time to submit in the record a legal opinion with respect to the provisions of section 405, which opinion has been approved by the General Counsel of the Department of Defense.

(The opinion referred to is as follows:)

DEPARTMENT OF DEFENSE,
OFFICE OF GENERAL COUNSEL,
Washington, D. C., August 4, 1954.

Memorandum for Mr. W. J. McNeil:

You have asked for my opinion as to the legality of granting approval to a proposed amendment to section 12 (a) of Department of Defense Directive 7420.1 (regulations governing stock fund operations issued by the Secretary of Defense, pursuant to sec. 405 (g) of the National Security Act Amendments of 1949). The proposal would clarify the authorization to transfer surplus property to the General Services Administration for donation to educational and health institutions without reimbursement except for costs of packing, handling, and transportation, when a determination is made that no substantial return to the stock fund would result from a sale of the property, taking into consideration the expenses of preparation for sale, handling, and selling.

Section 405 of Public Law 216, 81st Congress, approved August 10, 1949, provides in part as follows:

“SEC. 405. (a) In order more effectively to control and account for the cost of programs and work performed in the Department of Defense, the Secretary of Defense is authorized to require the establishment of working-capital funds in the Department of Defense for the purpose of—

“(1) financing inventories of such stores, supplies, materials, and equipment as he may designate; and

“(2) providing working capital for such industrial-type activities, and for such commercial-type activities as provide common services within or among the departments and agencies of the Department of Defense, as he may designate.”

“SEC. 405 (c) Such funds shall be—

“(1) charged, when appropriate, with the cost of stores, supplies, materials, and equipment procured or otherwise acquired, manufactured, repaired, issued, and consumed and of services rendered or work performed, including applicable administrative expenses; and

“(2) reimbursed from available appropriations or otherwise credited for the cost of stores, supplies, materials, or equipment furnished and of services rendered or work performed, including applicable administrative expenses.”

In authorizing the creation of working-capital funds for use in financing inventories of stores, supplies, materials, and equipment, the Congress indicated that such funds were to promote the application of commercial practices. See House Armed Services Committee Report No. 1064, July 14, 1949, pages 1 and 2 as follows:

"Among its other provisions are authority for the organization of inventories of the military departments into stock funds, for the operation of industrial- and commercial-type activities as integral working units—in a manner similar to commercial business enterprises—on the basis of an adequate capital structure."
* * *

That the stock funds were intended by the Congress to be established on a business-like basis and commercial practices to be applied to their operations was reiterated by the Senate Armed Services Committee in their report on Implementation of Title IV National Security Act, as amended, dated January 15, 1954, at page 9 as follows:

"ANALYSIS AND FINDINGS

"Title IV authorized the installation of working-capital funds for the financing and control of inventories of common-use items * * *

"It was the objective of title IV to permit, by the use of working-capital funds, a consolidation of operating and fiscal responsibility under single management, to effect common use of facilities and inventories, to facilitate the implementation of performance budgets and generally, to provide a means for *businesslike management and financing of standard stock inventories* * * *. [Italics supplied.]

The provisions of 405 (c) (supra) are mandatory. The fund is required to be charged with the costs of stores, supplies, materials, and equipment procured, and reimbursed from available appropriations or otherwise credited for cost of stores, supplies, materials, or equipment furnished. Congress intended therefore that the fund, once capitalized, remain intact to the extent capable by the application of commercial practices. This mandate is again indicated by the provisions of 405 (g) as follows:

"SEC. 405 (g) The Secretary of Defense is authorized to issue regulations to govern the operation of activities and use of inventories authorized by this section, which regulations may, whenever he determines the measures set forth in this subsection to be required by the needs of the Department of Defense, and when such measures are authorized by law, permit stores, supplies, materials, and equipment to be sold to, and services to be rendered or work performed for, purchasers or users outside the Department of Defense. In such cases, the working-capital funds involved may be reimbursed by charges against appropriate appropriations or by payment received in cash."

Under this provision sales of stores, supplies, material and equipment to purchasers outside the Department of Defense when authorized by law and consistent with the needs of the Military Establishment may be permitted by regulations governing the operations of the stock fund. When such sales occur the stock fund must be reimbursed either by charges against proper appropriations or by cash. Absent such authority the proceeds of such sales would be required to be covered into miscellaneous receipts of the Treasury pursuant to the provisions of R. S. 3617 and R. S. 3618.

While it is clear that section 405 requires reimbursement for all stores, materials, supplies and equipment issued from the stock fund, it is equally clear that this requirement is for the purpose of providing the means for acquisition and replenishment of inventories and to protect the integrity of the working capital in the fund. Since the property to be disposed of under the proposed clarifying amendment is that which would produce no substantial return, the reimbursement requirement would serve no useful purpose. As a matter of fact, if the expenses of continued handling and preparation for sale exceed the estimated return, the net result would, of course, be an impairment of the working capital directly contrary to the intent of the statute. The proposed amendment also appears to be an application of a commercial practice that might be adopted by an ordinarily reasonable and prudent businessman, and in the light of the expressed congressional intent that business attitudes and business methods be applied to operations under these funds it is my opinion that the proposed amendment would not contravene the reimbursement requirements of section 405.

Having reached the foregoing conclusion that the proposed amendment affecting the disposal of surplus property of a stock fund is within the purview of the mandatory reimbursement requirements of section 405 (c), there is for further consideration section 203 (j) of Public Law 152, 81st Congress, Federal Property and Administrative Services Act of 1949, as amended, which provides as follows:

"SEC. 203 (j) (1). Under such regulations as he may prescribe, the Administrator is authorized *in his discretion* to donate for educational purposes in the States, Territories, and possessions without cost (except for costs of care and handling) such equipment, materials, books, or other supplies under the control of

any executive agency as shall have been determined to be surplus property and which shall have been determined under paragraph 2 or paragraph 3 of this subsection to be usable and necessary for educational purposes. [Italics supplied.]

“(2) Determination whether such surplus property (except surplus property donated in conformity with paragraph 3 of this subsection) is usable and necessary for educational purposes shall be made by the Federal Security Administrator, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator of General Services to tax-supported school systems, schools, colleges, and universities, and to other nonprofit schools, colleges and universities which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code or to State departments of education for distribution to such tax-supported and nonprofit school systems, schools, colleges, and universities; except that in any State where another agency is designated by State law for such purpose such transfer shall be made to said agency for such distribution within the State.”

This provision, as originally enacted, effective June 30, 1949, authorized the General Services Administrator in his discretion to donate surplus personal property to educational purposes as determined by the Department of Health, Education, and Welfare to be useful and necessary for educational purposes. As amended, effective September 5, 1950, public health institutions were included as authorized donees on the same basis as educational institutions.

Since the Congress thus provided that the authority of the General Services Administrator to donate property is discretionary only, there is no alternative as to which course the Secretary of Defense must take when implementing mandatory provisions of law, such as the reimbursement requirements of section 405 (c), and deviations therefrom may be justified only to the extent of applying commercial practices as intended by Congress.

It is, therefore, my opinion that, in the absence of clarifying action by the Congress, the discretionary provisions of section 203 (j) of the Federal Property and Administrative Services Act do not exempt the Secretary of Defense from the mandatory requirements of section 405 of the National Security Act, when issuing regulations governing the operations of stock funds authorized under that section.

It is further noted that section 405 (c) was a later enactment than 203 (j). Any inconsistencies must be resolved in favor of the later enactment. While it might be argued that 203 (j) was amended in 1950, a period subsequent to the effective date of section 405 (c) thereby refuting the later enacted theory, a review of the legislative history of this amendment to section 203 (j) reveals that the sole intent of the Congress was to extend the donable property benefits to include health institutions without any change in prior policy.

MAURICE H. LANMAN, Jr.,
Assistant General Counsel (Fiscal Matters).

NOTE.—Even if it be assumed that the legal conclusions reached in that opinion are correct; i. e., that the authority of the General Services Administrator is paramount, it should be noted that the regulations issued by that official specifically exclude property held in working-capital funds from the definition of property eligible for donation. Furthermore, up to this date, General Services Administration has not proposed to exercise such authority by declaring stock fund property eligible which the Department of Defense has indicated that it should be reimbursable. In any event, however, the conclusion reached in my earlier opinion, that congressional clarification is necessary, which conclusion has been concurred in by both the General Services Administrator and the Secretary of Health, Education, and Welfare, as well as the Bureau of the Budget, has not been changed.

Mr. LANMAN. The conclusion of this opinion that working capital funds were intended by the Congress to be reimbursed, was concurred in by a representative of the General Accounting Office in his statement before the House committee on this bill.

The advantage of this stock funding device is thus twofold: (1) The stock fund manager (or store manager) is required to maintain careful financial property accounting for everything under his control; and (2) The customer has become conscious of the cost of the things he uses. This is in contrast to the situation which obtained for over 100 years before the enactment of title IV of the National

Security Act. The customer was provided there with money through appropriations for the things he was going to use, and thereafter there existed no accounting in terms of dollars or items and no information made available to the Congress when it was appropriating money as to the extent and character of the property holdings. Under such a situation, the user was in a position to receive free issues of materials and had not the slightest idea of the cost of anything he used nor, you may be sure, was any money ever appropriated for purchases of this kind of property ever returned to the Treasury. Under the stock fund device consumption data and accountability for property are both present. The economy and advantage resulting from this type of supply management is clearly illustrated by the fact that in excess of \$1 billion in cash has been returned to the Treasury by congressional action from these funds since they have been in operation, while at the same time all the needs of the Department of Defense have been met adequately.

It is our firm belief that the salutary effect of supply discipline which is being encouraged through the use of stock funds might well be dissipated in a circumstance where charges to commanders throughout the establishment are required for credit to the stock funds at the same time but that others might be free to acquire some of the same materials by donation, however worthy a purpose there might be for the donation.

The extension of this principle and the expansion of these funds by the Department of Defense were in direct line with recommendations of the House Committee on Government Operations' Subcommittee on Military Supply Management in House Report No. 857, 83d Congress, on page 6, which states:

The subcommittee recommends a positive program which will require the use of stock funds to finance and manage all categories of common-use standard stock items—

and further, at page 7, that the Secretary of Defense establish a priority project for placing all inventories under monetary control and extend such control to all levels of supply. As a matter of fact, the subcommittee was critical of the delay in issuance of the regulations to accomplish this purpose. Additionally, the report stated with particular reference to Defense Department surplus property, that—

Unless a practical plan for disposal is developed now, the Government will stand to lose an unpredictable amount of money. The experience of the commercial world in merchandising and distribution should be obtained immediately in order that a sensible businesslike plan may be developed for the benefit of the taxpayer.

In the effort to implement the provisions of section 405 of the National Security Act as amended, and in prescribing the regulations governing the operations of stock funds in the Department of Defense as authorized pursuant to section 405 (g), inadvertently no consideration was given to the donable provisions of Public Law 152. However, had notice been taken of the provisions of section 203 (j), as well as the language of House Report No. 670 of the Federal Property and Administrative Services Act of 1949 which stated as follows:

As most of the objectives of the Surplus Property Act of 1944, as amended have largely been attained, the bill, in harmony with existing law, dispenses with all priorities and preferences on personal property. The committee believes, however, that, from time to time, there will become surplus to the Government,

books, equipment, or other supplies, the sale of which would realize little monetary return but which would be usable by and of great benefit to our schools and colleges.

Our position with respect to the provision of the regulation and our efforts to amend the regulation to accommodate the donable provisions would not have changed because of what we considered to be mandatory requirements in section 405 as against the discretionary provisions of section 203 (j) and the criteria set out in the legislative history. Such a position would have been in consonance with the position of the General Services Administration for the obvious reason that the General Services Administration Regulations I-I-102.01 (definition of terms) specifically excluded property held by the stock fund as falling within property subject to donation under the provisions of section 203 (j). The language in the regulations provides as follows:

102.01.8 DONABLE PROPERTY. Surplus equipment, materials, books, or other supplies under the control of any executive agency except: * * * and (c) property which was acquired by the use of funds either not appropriated from the general fund of the Treasury or appropriated therefrom but by law reimbursable from assessment, tax, or other revenue or receipts, unless the holding agency deems it uneconomical or impracticable to dispose of the property other than by donation.

No one was heard to complain about the operations of the Department of Defense in the light of the provisions of section 203 (j) until the establishment of the Quartermaster General Supplies Division of the Army stock fund (which is the source of considerable donable property) in January of 1954 and the issuance of the stock fund regulations in February 1954, along with the planned extension of the stock fund to post, camp, and station level. The State disposal personnel began to publicize their fears that the actions taken by the Defense Department could only result in drying up the sources of donable supply in the Military Establishment. There has always been, and there will continue to be, available for the donable program, those categories of material not specifically capitalized into stock funds, in addition to all property once paid for and issued from the stock fund to the user and subsequently becoming surplus in the hands of the user, and he is unable to realize any substantial return from a sale back to the stock fund or otherwise, consequently during the fiscal year 1954 and for the first 2 quarters of 1955, a total of \$118,406,239 has been made available to the donable program from the inventories of the Department of Defense.

The CHAIRMAN. At this time, will you tell us how much now is disposed of under stock funds? You made that much available, \$118,406,000, during 1 fiscal year, and the first 2 quarters of another fiscal year.

Mr. LANMAN. What was the total value of surplus sales from the stock funds?

The CHAIRMAN. That you sold, yes, that went back into the stock fund.

Mr. JENKINS. Senator McClellan, we did not have a breakdown of the donations between stock fund and non-stock-fund property over the same period—and incidentally, this \$118 million is not all stock fund, either, it is a gross figure, both stock fund and nonstock.

The CHAIRMAN. I know, but I would like to get the figure for the same period.

Mr. JENKINS. For the same period, I believe it would be in the neighborhood of \$1,000,200,000 or somewhere between that and one billion and a half—

The CHAIRMAN. \$1,200 million you mean?

Mr. JENKINS. Yes; I am sorry, \$1,200 million.

The CHAIRMAN. Somewhere in there—

Mr. JENKINS. Is that right, Mr. Sundstrom—is it not in about the neighborhood of that figure for the 18-month period—

The CHAIRMAN. Does that figure, \$118 million represent acquisition cost?

Mr. JENKINS. Acquisition cost, yes.

The CHAIRMAN. Then you sold, according to the testimony before, you sold \$1 billion or \$1.5 billion that you might otherwise have made available for the distribution to this program, to the schools, and so forth; you realized, according to the testimony that has been given here this morning, only about 7 percent gross out of those sales?

Mr. JENKINS. That is right. We have some data which I think we are going to cover later.

The CHAIRMAN. All right.

Mr. JENKINS. If Mr. Sundstrom has the figures for the 18-month period, I think he can give you that.

Mr. SUNDSTROM. Mr. Chairman, I am John W. Sundstrom, I am Chief of the Disposal Division, Office of the Assistant Secretary of Defense, Supply and Logistics.

I think perhaps the significant figure is that during the calendar year 1954, 6.4 percent of the total of the available surplus was donated to public health and educational institutions.

The CHAIRMAN. 6.4 percent?

Mr. SUNDSTROM. Of the total available surplus.

The CHAIRMAN. That is through the Military Establishment?

Mr. SUNDSTROM. That is right, sir, with only slight exceptions, the bulk of it would have been either sold, abandoned or destroyed.

Now, valuewise, dollarwise, the figure for this period, which differs a little bit from that 18-month period—

The CHAIRMAN. If you can give it to us for 1 calendar year, that would be helpful.

Mr. SUNDSTROM. Yes, sir; that is what I was going to say. The total for the last calendar year—

The CHAIRMAN. That would be 1954?

Mr. SUNDSTROM. During calendar year 1954, which was donated was—well, roughly, \$95 million, you could say, or 6.4 total available sales represented just under \$95 million for calendar year 1954.

The CHAIRMAN. That was donated property for the calendar year 1954?

Mr. SUNDSTROM. That was donated property for the calendar year 1954 for the public health and educational activities.

The CHAIRMAN. What figure?

Mr. SUNDSTROM. \$95 million acquisition cost.

The CHAIRMAN. How much was sold for the stock fund?

Mr. SUNDSTROM. This figure—as I pointed out, we do not have that breakdown by the stock fund and other properties. We have some figures.

Mr. LANMAN. Senator, a total of surplus property was disposed of by the Department of Defense during this period, of \$1,273,368,919,

but with respect to the breakdown of that figure between the stock fund and large categories of other property, we do not have that figure as to how much of the grand total of surplus disposed of came from the stock fund.

The CHAIRMAN. Can that not be supplied immediately?

Mr. JENKINS. No, sir.

In our stock fund accounting techniques that have been in effect for the past 18 months, we did not break the disposal down between what we donated and what we sold, and the figures we are reading from here were both stock and nonstock fund that were compiled from separate sets of data completely, and it would be rather difficult to get that figure.

The CHAIRMAN. Well, you can see what position we are confronted with; you are disposing of over \$1 billion worth of surplus property in a year, and you received only 6 or 7 cents on the dollar for it of the original cost, and our position, at least of the chairman, and I think the Congress' position, is that greater benefit would result to the public at large to donate that property that was suitable for the purpose to these institutions, rather than get that small amount of money out of it.

Mr. LANMAN. Right.

Mr. JENKINS. Pardon me, Senator—

The CHAIRMAN. That is the whole objective of this program.

Mr. JENKINS. Right.

We are going to present some additional data which will attempt to differentiate between the kind of property which the Health, Education, and Welfare is interested in, and the general run of stock which we have.

All I wanted to say, in general, was this: that better than \$1 billion worth of property that we disposed of, consisting of everything—in other words, scrap, salvage, weapons, spare parts for tanks, and so on, which nobody wants except for—

The CHAIRMAN. Well, I appreciate that; it would be of no worth to anybody, you mean.

Mr. JENKINS. That is correct.

The CHAIRMAN. It would be of no service in this program with respect to that property, of course, and we do not want to interfere with your stock fund program at all, in relation to those types of property, but if it is suitable, we are interested in getting the maximum use and benefit from it by making it available for institutions.

Senator Martin?

Senator MARTIN. This \$1 billion, is that the original acquisition cost?

Mr. JENKINS. Yes. Again, that is somewhat misleading because much of this property may be used and completely unserviceable, so that the acquisition cost does not really represent the value of the property itself.

The CHAIRMAN. I understand.

Mr. JENKINS. But when we get to the point of setting forth the property that you are interested in in this statement, at that time if the committee desires, we can discuss the difference.

The CHAIRMAN. Well, that is all right. Maybe I should not have interrupted you in your statement, but it attracted my interest.

All right, proceed.

Mr. LANMAN. While there is presently in the stock funds of the Department of Defense material in excess of the mobilization base and planned peacetime operations, these excesses are due primarily to the following factors:

(1) Materials were purchased in large quantities for an all-out war in Korea.

(2) Upon the termination of hostilities in Korea, there had been enormous quantities of materials procured, as well as items that were in an advanced stage of procurement, and the technique which was used in reducing personnel strengths could not be readily applied to reducing the vast stores of material, or those in an advanced stage of procurement, with the result that the stock on hand was greatly in excess of that needed for day-to-day operations and the planned mobilization base:

The efficient use of the stock fund technique contemplates balancing the stocks for current needs and the mobilization base. Excess stocks and consequently, surplus stocks will be generated only to the extent of normal obsolescence and spoilage which is inherent in any business-like operation and, of necessity, would consist of a very normal amount in terms of surplus property available for the donable program.

The creation of cost-consciousness and supply discipline has been introduced into the operations of the Department of Defense through the use of the stock fund device. Proof of cost-consciousness and supply discipline is best illustrated and evidenced by return to the Treasury of \$1,085 million in cash since their inception. The Department of Defense is, therefore, reluctant to forego their considered legal responsibility in the use and operation of the stock fund device which the Congress provided to them, particularly, where there has been a clear understanding throughout the executive branch that the intent of Congress insofar as the donable provisions of section 203 (j) are applicable to surplus property held by working-capital funds, stock funds, and, particularly, since such property has been excluded from the donable program by definitions of the General Services Administration regulations.

While we were attempting to work out a basis upon which we could cooperate to the fullest degree with the donable program, a joint task force consisting of the Bureau of the Budget, General Services Administration, the Department of Health, Education, and Welfare, and the Department of Defense, conducted a field trip to study the impact of the Department of Defense stock fund regulations on the Department of Health, Education, and Welfare surplus property donation program.

We would like to offer for the record a summary of findings of the joint task force.

(The document referred to will be found in the files of the committee.)

Mr. LANMAN. The results of the study indicate that stock-fund property, the type and character which might be most desirable for the donable program was producing a return of an average of 40 percent on the dollar and that in some cases the return was substantially higher, and in at least one case 71.08 percent.

While the joint task force was conducting its study at the Atlanta General Depot, a Department of Defense member of the task force, with the assistance of a State disposal official who selected the items,

described in a complete lot being offered for sale as the type of item that would be in demand for the donable program. I would like to offer this particular sale for inclusion in the record.

The sale was followed through, and the tabulation indicates that proceeds from the sale of the items in demand for the donable program amounted to an average of 22.9 percent of acquisition cost.

(The document referred to is on file with the committee.)

Mr. LANMAN. Additionally, results of a sale on October 19, 20, and 21, at Columbus, Ohio, General Depot, were obtained at random. There were 65 lots of material which appeared to be types usable by educational institutions. We would be glad to put this list in the record.

(The document referred to will be found in the files of the committee.)

Mr. LANMAN. The percentage return in this complete sale varied from a low of 7 percent to a high of 136 percent of acquisition cost. The percentage return on the 65 lots averaged 23.7 percent.

The CHAIRMAN. That figure of 136 percent of acquisition cost that you give there, how did you make that much profit in disposing of surplus property?

Mr. JENKINS. I have forgotten which item it was, but this disposal program is exceedingly interesting. This is because of the geographical location of the disposal—for example, there might be one location where, if you had a new desk for sale, it might bring 10 cents on the dollar because nobody wanted it, and if you go to another, you might get 100 cents on the dollar for that desk.

Now, this happened to be an item of one electric sewing machine, which apparently someone wanted real bad, and were able to get from us even at 136 percent cheaper than if they went out at retail.

The CHAIRMAN. I think you will agree it is an isolated instance.

Mr. JENKINS. That is right, it is an isolated instance. We have another one of white bond paper which brought 133 percent.

Senator ERVIN. Mr. Chairman, I would like to put this in very simple language.

I was serving in the North Carolina Legislature at one time, and we had there a banker who was representing one county and he introduced a bill, and when this bill came up in a committee before the house, he got up and he explained its provisions and he said everything in favor of the bill, and then he explained everything to be said against the bill—sort of like, I imagine, when he had a friend who made an application to the board of directors for a loan from his bank, and he wanted the friend to get the loan but he was doubtful as to whether the loan would ever be paid, that kind of an explanation; and when he got to the end and sat down, another member of the legislature got up and said:

“Mr. Speaker, I want to ask the gentleman a question. I want to ask him whether he is fur the bill or agin it.”

Now, I want to know, in very plain English, whether the Department of Defense is fur or agin this bill.

Mr. LANMAN. I would say that we are not opposed to enactment of this bill, that if it be the will of Congress that it should apply to working-capital funds, the Department of Defense has no objection.

The purpose of this presentation is to lay into the record such facts as we think the committee would like to know about before it takes its action on the bill.

The CHAIRMAN. In other words, the attitude of the Department of Defense is to present those facts within its knowledge to the committee.

Mr. LANMAN. Exactly.

The CHAIRMAN. All right; proceed.

Mr. LANMAN. While the joint task force study as well as the additional illustrations are not comprehensive, it is certainly fair to assume that the figure of 7 to 8 percent of acquisition cost which represents overall recovery of sales of all types of surplus property, including scrap and salvage is not representative of the return of the sales of stock fund materials. Thus, there was a serious question as to whether this material was within the test laid down in House Report 670 on the Federal Property and Administrative Service Act of 1949, that the property to be donated under the program should be only property the sale of which would realize little monetary return. It was during this time, and with these considerations in mind, that we indicated to the Director of the Bureau of the Budget a desire to discuss this matter with the Appropriation Committee at the time of the presentation of our 1956 budget. Our intention prior to the introduction of H. R. 3322 was to suggest to that committee the possibility of the establishment of an appropriation account, perhaps within the Department of Defense, to serve this purpose. The establishment of such an account would, of course, require no additional legislation or amendment to the Property Act, such as is now under consideration by this committee.

After further consideration of the matter, following introduction of H. R. 3322, our solution for achieving both the desirable object of maintaining supply discipline within the military department and at the same time providing an effective donable property program would still be to recommend the establishment of an appropriation account preferably in the department having control over the program, in this case the Department of Health, Education, and Welfare which account would reflect charges equivalent to the fair value of the property turned over for donation. It would then be clear to all personnel involved in the operation of the supply in the Department of Defense that the stock fund was operated on true commercial and businesslike principles—on a cash-and-carry basis—and at the same time the Congress for the first time would have complete information available to it as to the cost of the program.

We would welcome clarification of congressional intent on the subject before you today, but earnestly request that in making provision for a successful donable program that provision also be made for preserving the integrity of the stock-fund principle and without diluting the encouraging efforts being made in the Department of Defense to achieve improved supply discipline and management.

We therefore recommend that if the bill is considered favorably by your committee, that the following amendments be made thereto:

After line 4 on page 5, add the following new section:

SEC. 6. Appropriations or funds of the Department of Health, Education, and Welfare, shall be available for reimbursement to the Department of Defense for the value, as determined pursuant to regulations of the Secretary of Defense, of property donated pursuant to section 203 (j) (1) of this Act.

This amendment would, in the opinion of the Department of Defense:

(1) Permit the continuation of a businesslike administration of the supply function as envisioned by the enactment of title IV of the National Security Act of 1947, as amended.

(2) Make it incumbent upon the Department of Health, Education, and Welfare to firmly determine that such property was actually needed by the health and educational institutions and in the quantities requested since their appropriation is involved.

(3) Provide Congress with a means of review, revision, and control of the amounts of such property being distributed to health, educational, and welfare institutions.

The following technical amendments are suggested:

On page 1, line 9, after the word "subsection" insert "(except surplus property donated in conformity with paragraph (3) of this subsection)."

On page 2, line 16, after the word "subsection" insert "(except surplus property donated in conformity with paragraph (3) of this subsection)". As presently worded section 1 provides that—

No property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State.

As presently worded, this requirement would apply not only to donations made pursuant to determinations by the Secretary of Health, Education, and Welfare under paragraph (2) of subsection (j), but also could be construed to apply to donations made pursuant to determinations under paragraph (3) of subsection (j) by the Secretary of Defense in connection with transfers of property to educational activities which are of special interest to the Department of Defense.

This is a very small program, sir.

It is not believed that this was intended inasmuch as the Secretary of Health, Education, and Welfare under this subsection is not concerned with donations to educational activities of special interest to the Department of Defense.

Similarly, section 2 (a) of the bill provides for the imposition of restrictions by the Secretary of Health, Education, and Welfare which could be construed to apply to donations made to educational activities of interest to the Department of Defense.

Representatives of the Office of the Assistant Secretary of Defense (S. & L.) are here and prepared to answer any questions the committee may have on these two technical amendments.

The CHAIRMAN. Any further questions?

Senator MARTIN. This figure of \$1,085 million on page 9, as returned to the Treasury, is over how long a period of time?

Mr. LANMAN. That is since the inception of the stock fund in 1951.

Mr. JENKINS. July 1951.

Mr. LANMAN. During fiscal year 1951.

Senator MARTIN. And you have no estimate how much of that would be directly involved?

Mr. LANMAN. Sir, that figure represents the amount of cash in the stock fund not needed for replacement of materials carried in the stock fund, and was rescinded and returned to the Treasury.

Mr. JENKINS. It resulted, Senator, from selling material.

Senator MARTIN. That is, for defense activities?

Mr. JENKINS. That is right.

Senator MARTIN. But what percentage of that approximately, would be involved in the process we are contemplating here for Health, Education, and Welfare?

Mr. LANMAN. There is no true relation between that figure——

Senator MARTIN. No relation at all?

Mr. LANMAN. No, sir.

Senator MARTIN. I wondered if you had any figure——

Mr. LANMAN. Well, the total value of the stock fund material during—well, at the close of business on June 30, 1953, was, talking about current value of inventory of stock funds themselves, somewhere in the neighborhood of \$8 billion to \$10 billion, that is, in supplies and materials that were not in defense inventories for day-to-day use and for mobilization reserves.

The CHAIRMAN. Did you mean to say 1954?

Mr. LANMAN. I should have said 1954.

Senator MARTIN. That is the total that you are processing. How big a portion of that is included in this?

Mr. LANMAN. We are unable to say the extent to which the stock fund operations, that is, the management of those inventories develops—in dollars or in percentages—surplus property which might be made available for the donable program. We know it is a large amount.

Senator ERVIN. Let me see if I have this simplified in my own mind, now.

These amendments contemplate that in order that Congress may implement a policy of making donations of surplus property to educational institutions and hospitals, that Congress appropriate for the benefit of the Department of Health, Education, and Welfare, funds to be used by that Department to purchase the property from the Department of Defense so that the Department of Health, Education, and Welfare could then give it away?

Mr. LANMAN. That is correct, sir.

This suggestion was made only in line with the general thinking recommended by the Hoover Commission heretofore on performance-type budgeting, and that is, that here is a program of donable property which the Congress wants them to have and which is considered to be desirable, and its cost should be clear, that is our point, and that cost should be borne by the executive agency administering the program and its appropriations; that is the principle that we are supporting here.

Senator ERVIN. Well, I can see that that would be very advantageous from a bookkeeping standpoint for the Department of Defense; but in substance, it would mean if Congress wants to give away or donate public surplus property no longer needed by the Department of Defense, that it should, in effect, purchase the property twice merely in order to give it away?

Mr. LANMAN. Well, sir, it is either that or——

Senator ERVIN. Or——

Mr. LANMAN. To the extent to which we donate property from stock funds, our customers will bear that cost. The prices in the stock fund would necessarily reflect that cost. The defense appropriations would be increased—that is customer's appropriation—and when he came up here to get appropriations to purchase material from the stock funds, he would be asking the Congress, under the guise of

defense requests, for the extent of this program, the money end of this program——

Mr. JENKINS. Senator, I think I can add two things to what Mr. Lanman has said.

The accounting technique of doing this is not an end in itself. We have two major reasons for suggesting this.

One is, as Mr. Lanman in his statement pointed out, it is difficult to get our own people to see why they should pay for something when the same similar item somebody else is getting free. I think I can illustrate what I mean.

Senator ERVIN. Wouldn't it save trouble for you to ask us for larger appropriations to cover the cost of this material, of giving this over to the Department of Health, Education, and Welfare, so that they might give it away? It would seem to me——

Mr. LANMAN. Sir, our position there is that we simply wanted to present this aspect of the problem and leave it entirely up to the wisdom of the Congress to make a determination how to finance this program, but we wanted to lay this recommendation before you.

Senator THURMOND. Is it your position, if you have turned over this property, that you have depleted your stores to that extent?

Mr. LANMAN. We have depleted——

Senator THURMOND. And you depleted your revenue, which revenue you have included in your estimate revenue in your budget?

Mr. LANMAN. Which we would have to, sir.

Senator THURMOND. Is that correct, or not?

Mr. JENKINS. Yes.

Senator MARTIN. In the revolving fund?

Mr. JENKINS. In the revolving fund.

Mr. LANMAN. And we would have to have additional funds, or the customer who is going to buy it would have to pay a higher cost.

Senator THURMOND. Of course, the Government has already bought the property and already paid for it.

Mr. LANMAN. That is correct.

Senator THURMOND. So if you give it away, it does not affect your budget.

Mr. LANMAN. No, sir.

Senator THURMOND. Unless you get your money you would be deprived of the money you would get from the sale of it, but if you only get 7 percent anyway, we are getting so little from it, it would seem advisable to me to give it to the institutions rather than to sell it at such a great sacrifice.

Mr. LANMAN. What I am trying to show here is that it may be possible that the 7 percent is not the average net, and our samplings to date indicate it is not.

Senator THURMOND. How much do you estimate it is on the property you have sold?

Mr. LANMAN. We say, on the basis of the information now available to us, the average would be somewhere between 20 and 25 percent return on all stock fund material, which we consider to be fairly substantial, and these returns would then be available to replenish our stocks with materials needed in the day-to-day operation.

Senator ERVIN. And that would require Congress to make an appropriation first of 100 percent to purchase the property, and then

make another appropriation of 20 percent to give it away, merely to satisfy a bookkeeping requirement.

Mr. JENKINS. Not quite, because we actually have this property on hand, it has been bought.

What we would require is just an appropriation to pay for what you would give to the States.

Again, I would like to emphasize our interest is not so much from the standpoint of just the accounting technique but as a method of supply discipline. In other words, it is very difficult to charge on the one hand and not charge on the other, and have people live up to it.

I mean, this idea of cost consciousness which stock funds has engendered in the military is the best and most salutary thing and contributes to good management. It is one of the best things we have done in a long time.

The CHAIRMAN. May I ask just one question.

You say, if I understand you correctly, that the Department of Health, Education, and Welfare, which is administering this program, should, when you make that surplus property available to it for donation, which you would otherwise sell and get some return on it, request the Congress to appropriate funds to the Department of Health, Education, and Welfare with which to pay you the value of that property that it takes for donation.

How is that fund to be determined—on the acquisition cost?

Mr. LANMAN. No, sir.

The CHAIRMAN. How is it to be determined?

Mr. LANMAN. In the operation of the stock fund, as mentioned, it is operated very much as a commercial corporation.

There are price lists at which all material in the stock fund is carried for sale. These price lists take into consideration the condition of the property.

In other words, if it were new property and totally usable, but we have no further need for it, then it would be acquisition cost.

If, however, it was used property, the price in the stock fund is reduced accordingly by the stock fund manager, as it is any other business.

The CHAIRMAN. In other words, the Department of Health, Education, and Welfare would pay you whatever price tag you put on it, as your appraisal has established to be fair value?

Mr. LANMAN. It could be the price fixed by the stock-fund manager if it were used property, or property otherwise available for donation, we could use the fair value test as determined by the General Services Administration.

The CHAIRMAN. Any other questions?

Senator THURMOND. Is it not correct, the main objection you have to this procedure is that you give the property away and get no income, get no money in return, that you would get if you sold it; isn't that your main objection?

Mr. LANMAN. I would not say it is an objection, sir. We would say that it would be an advantage if we would get a return on this property, to the Government as a whole.

Senator THURMOND. Well, after all, all the departments belong to the same Government, and you have got to have funds to run on, and if you give away this property and therefore do not have the income that you would have from the sale of it, then your appropriation

from the Congress might be a little larger; but that could be done, could it not?

Mr. LANMAN. Oh, yes, sir.

The CHAIRMAN. Any other question?

Senator MARTIN. The problem we have here, of course, we do not want this legislation or this suggested method of handling this to destroy the operation of the stock fund, as you have built it up, because with the amount of property that you handle you could take a very sizable blow in any leak that sprung in your revolving fund operation; and you needed that operation and you have developed it seriously.

Mr. LANMAN. That is correct.

Senator MARTIN. As one of the best steps forward in handling military equipment and property. You worked many years to build up the system you have now, I know, because I was on the Military Committee for 8 years before you had that, and I know that we were crying for the very system you have developed, and I do not want to spring any leak in your system of management of that property that might get out of control.

If the percentage involved here would make a sizable leak or would be a threat to the system you have built up, I would not want to dash into that too precipitously.

And that is my point that I have in mind. I feel that we better guard your system of accounting for your military property some way, to enable you to continue it as the present system is functioning.

Mr. LANMAN. Senator, we certainly appreciate your understanding of the principle here. The simple proposition is that perhaps this particular program in and of itself would not be too significant a proposition.

However, the establishment of a principle might well, as remarked here today—well, there are other groups and agencies, and so forth, interested in the program, and the possibility of the dissipation of this principle of cost consciousness within the operating elements of the Department of Defense is the proposition we would like to lay before you.

Senator THURMOND. I would like to commend you for your business practices, and we certainly do not wish to take any step that would cause any effect on that which would be harmful to it.

However, if the public can get the benefit of property that is not worth, say, more than 7 percent, or even 25 percent, say, then why not let the public get the benefit of it rather than sacrifice it for the 7 percent or 25 percent which it would bring if it were sold by you?

Mr. LANMAN. Well, sir, we do not insist in any way that we should take it into the open market and sell it. We agree in principle that the donable program that has been announced by the Congress as the policy of the United States, and something that the Congress wants to retain and——

Senator THURMOND. Isn't the property worth more than you sell it for, actually?

Mr. LANMAN. Well, we are showing some extremes here which would indicate that is the case, but when you are looking at it from the standpoint of its being available and usable for today's military operation—it may sit on the shelf and be worth 100 percent of what it was bought for; but insofar as being used in the military is concerned, it would have none, because of some progressive development in the military——

Senator THURMOND. But it is true that it might be not very valuable to the military, but might be valuable to the public in another way?

Mr. LANMAN. That is correct.

Senator THURMOND. A building, for instance, that could be moved.

Mr. LANMAN. Well, we in turn, if we were recovering any value from it, we in turn could buy that thing that we did need, and thus not require additional appropriations.

Senator THURMOND. You would retain the property you need anyway, wouldn't you?

Mr. LANMAN. Oh, yes.

Senator THURMOND. You would retain it.

Mr. LANMAN. We are not suggesting that there is any raid or anything of that sort on anything we need.

Senator MARTIN. Could you not possibly develop a plan whereby the value of the property disposed of in this way might be provided for by congressional action for the purpose of donated, as contemplated in this legislation, and then have that appropriation, book-keepingwise, turned back to you, so that your revolving fund would be conserved? In other words, we are in danger of charging the Defense Department here for the original appropriation and then charging them for it, for the release of this property as a defense cost, whereas actually the cost is brought about by the donation to the health or educational actions here in giving it over to the schools and other institutions.

Now, I would not want to see their revolving fund destroyed or interrupted by this bill of ours if we have no way to protect that fund.

Senator THURMOND. Could that appropriation just be increased?

Senator MARTIN. Not their appropriation; it is not an appropriation for the Defense Department, it is an appropriation actually for the benefit of the people to whom this property is given.

They are simply saying the property has already been charged for, with the replacement value of it, they are charging from that property into a replacement fund into the revolving fund.

I do not want to see them have it charged with a replacement of the revolving fund, charged against their Department. If we charge the property, then it properly should be charged to the one that is benefiting from this action.

Senator THURMOND. When they sell that property, who gets that money? Does the Defense Department get that money?

Mr. LANMAN. In the case of money for property held in stock funds, yes, sir.

Senator THURMOND. The Defense Department does get revenue from the sale of property?

Mr. LANMAN. Yes, sir.

Senator THURMOND. If you sell it instead of giving it away?

Mr. LANMAN. The act provides therefor.

Senator THURMOND. Therefore any property you give away to Health, Education, and Welfare, instead of selling it, you are short to that extent; is that right?

Mr. LANMAN. Yes, sir.

Senator THURMOND. The Defense Department is short to that extent?

Mr. LANMAN. To that extent; we would have to——

Senator THURMOND. So if the Congress desired to replace that shortage, if it was pointed out to them you needed that money to replace, that could be done?

Mr. LANMAN. There is no legal bar to that, at all.

Senator ERVIN. It would seem to me that the Defense Department should remember, if we have this kind of a procedure, that the Congress, and possibly the taxpayer, takes out 20 percent, taking the average stock, they have already appropriated to acquire property, and then put it into the Treasury, and then reach into the Treasury and take that money out and hand it over to the Department of Health, Education, and Welfare, and reach into their appropriation and hand it over to the Defense Department, all for 2 purposes: 1, to give away property that the Defense Department has no further use for, and the Government has no further use for; and to keep the Defense Department cost-conscious.

It does seem to me that there ought to be some simpler way of doing that thing.

Mr. LANMAN. And maintain the principle of performance budgeting.

Senator ERVIN. Well, couldn't a little record be kept to show we gave away so much property pursuant to that act?

Senator THURMOND. And could you not to do that and show full value of rather than 20 percent, and would that not make them more cost conscious if you have got full value for the cost in the beginning than what you sell it for?

Mr. LANHAM. We would contemplate under that arrangement that we would enter a credit, citing this law, a bookkeeping credit, to the extent of the price taken from the list I mentioned earlier, and thus keep a clear record of the total dollar value, that is true.

However, there would be the burden on the Defense Department to the extent that it was necessary to replenish those dollars, to request those funds from the Congress, and to that extent the Defense Department appropriations are financing the donable program.

Senator ERVIN. Well, it looks to me—this procedure seems to me like the fellow who wanted to find out how many cattle he had, he never counted the stock, he counted the feet and divided by four so as to reach his figure.

Mr. LANMAN. Well, you are correct in saying that the effect on the total Federal budget is the same. We only speak in terms of what should be considered in connection with this legislation.

The CHAIRMAN. Thank you very much.

Will the representatives of the Department of Health, Education, and Welfare come around, please.

The Chair will not be able to conclude this matter this morning, and we have another bill on which I would like the committee to act. We do not have a quorum at the present time but I would like to take action as soon as possible.

Now, you gentlemen from the Department of Health, Education, and Welfare, we would like to have your comments on this legislation. Will you identify yourself for the record?

STATEMENT OF R. J. DE CAMP, DIRECTOR, OFFICE OF FIELD ADMINISTRATION; ACCOMPANIED BY C. B. LUND, DEPUTY DIRECTOR, OFFICE OF FIELD ADMINISTRATION; T. ELLENBOGEN, LEGISLATIVE ATTORNEY, OFFICE OF GENERAL COUNSEL; MANUEL B. HILLER, CHIEF, SURPLUS PROPERTY BRANCH, OFFICE OF GENERAL COUNSEL; AND WILLIS T. FRAZIER, CHIEF, DIVISION OF SURPLUS PROPERTY UTILIZATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. DE CAMP. Our position has been very fully stated in our report which was presented to the committee, I think, yesterday. With your permission, I will not attempt to read it.

The CHAIRMAN. Just point up the highlights, and it will be placed in the record.

(The letter referred to, together with a staff analysis of, and draft amendments to, S. 1004 and H. R. 3322 (as passed by House) follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington 25, April 20, 1955.

Hon. JOHN L. McCLELLAN,
*Chairman, Committee on Government Operations,
United States Senate.*

DEAR MR. CHAIRMAN: This is in response to your requests of February 11 and March 19, 1955, respectively, for an expression of our views on S. 1004 and H. R. 3322 (as passed by the House), bills to amend the Federal Property and Administrative Services Act of 1949, so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

We shall, for the convenience of your committee, discuss together the corresponding provisions of the two bills. References to H. R. 3322 should be understood to refer to that bill as passed by the House.

1. Donation of personal property from working-capital (stock) funds

(a) The provisions of section 1 of each bill, though different in their language, are designed to make clear that section 203 (j) of the Federal Property and Administrative Services Act of 1949, as amended, relating to the donation of surplus personal property for educational or public-health purposes, applies as much to property in a working-capital or similar fund as it does to property outside such a fund. (Sec. 1 of H. R. 3322 (p. 1, lines 8, 9; p. 2, lines 1-3) also contains a sentence, not germane in this connection, which refers to certifications by State agencies or officers, and which is discussed under point 2, below.)

The purpose of this amendment is to overcome the effect of an interpretation placed by the Department of Defense on section 405 of the National Security Act of 1947, as amended, to the effect that property included in the several working-capital or stock funds established within that Department must, upon becoming surplus, be sold and the proceeds thereof be deposited to the credit of the appropriate fund, and that such property may not be made available for donation for educational or public-health purposes under section 203 (j) of the Federal Property and Administrative Services Act. That interpretation is embodied in Defense Department Directive No. 7420.1, dated February 1, 1954.

Surplus property of the Department of Defense has been the major source of property for the purposes of the donation program, and the impact of the Department of Defense interpretation upon the continued operation of the donation program is becoming increasingly serious and may eventually, to all intents and purposes, completely disrupt the program. We, therefore, endorse the purpose of these provisions to remove any doubt as to the availability of property in the stock funds or working-capital funds for donation purposes.

For the reasons explained in the enclosed staff analysis, we believe that the provisions of H. R. 3322 are better designed to carry out that purpose. Moreover, while preserving the basic discretion of the Administrator of General Services as to the donation of surplus personal property, the last sentence of section 1 of H. R. 3322—which provides that no distinction between stock fund and other

property shall be made in determining whether it is to be donated—would prevent frustration of the legislative purpose in actual administration. We, therefore, recommend enactment of the relevant provisions of section 1 of H. R. 3322 (rather than sec. 1 (a) or (b) of S. 1004), subject to a minor technical amendment suggested in the enclosed staff analysis.

2. Certification of usability and need by State agency

Section 1 of H. R. 3322—in a sentence not germane to the other provisions of that section and not parallel to any provision of S. 1004—would also amend section 203 (j) (1) of the Federal Property and Administrative Services Act so as to provide that “No property shall be transferred under [subsec. (j)] until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State.” The purpose and intent of this provision are not explained in the House report (H. Rept. 206) on this bill and are not wholly clear in the context of the other provisions of section 203 (j) and of the relationship with State agencies and the procedures established thereunder.

If the proposed amendment merely precluded allocation and transfer under section 203 (j) to a State department of health or education, or to a duly designated State surplus property agency, for distribution within the State, until the State agency has certified that such property is usable and needed for educational and public-health purposes in the State, the amendment would (except for a technical defect discussed below) be merely declaratory of a long-standing administrative requirement of this Department. We require such a certification not only of the distributing State agency but also of the donee institution. However, there are some States—three at present—where no cooperating State agency for distribution of surplus property under section 203 (j) exists. Under the proposed amendment, donations of such property (directly to the donee institution) would be precluded in such States, unless an “appropriate State agency or official”—i. e., one so authorized by or pursuant to State law—made the required certification. As we read the bill—though this is not altogether clear—the “appropriate” agency or official would not necessarily have to be a State department of health or education or a special surplus property agency.

We believe it undesirable to multiply the types of State agencies or officials with whom we have to deal in this field, and we suggest that the amendment be deleted or—if the Committee should decide to retain it—that it be limited to State agencies now mentioned in section 203 (j).

The proposed amendment is, also, technically defective in another respect. It would require that the certification of usability and need be to the Secretary of Health, Education, and Welfare. That is appropriate with respect to property donated in accordance with paragraph (2) of section 203 (j). However, paragraph (3) of section 203 (j) authorizes donation of surplus property under the control of the National Military Establishment to institutions whose educational activities are of special interest to the armed services, such as Maritime Academies or military, naval, Air Force, or Coast Guard preparatory schools. Determination whether such property is usable for such specialized educational activities, and allocation for transfer by the Administrator of General Services, are required to be made by the Secretary of Defense rather than this Department. Any certification by a State official as to property donated under paragraph (3) should, therefore, be to the Secretary of Defense. We would defer to the views of the Defense Department whether such certification should be required. In either event, unless the certification amendment proposed by H. R. 3322 is deleted, it should be appropriately modified.

3. Limitations on use of donated surplus personal property

Section 2 of each bill is concerned with the question whether and, if so, to what extent, it is necessary or desirable, in connection with the donation of surplus personal property, to place such reasonable terms and conditions on the use of donated personal property as are designed to assure that the property is actually used for educational or public-health purposes by the donee.

S. 1004 (though perhaps technically inadequate) would answer this question in the negative. H. R. 3322, while basically recognizing the propriety and desirability of such terms and conditions in appropriate cases, would permit their use only with respect to any “single item [or unit] of property” which cost the Federal Government \$2,500 or more. The fact that one donation may comprise many “single items” of the same kind with an aggregate acquisition cost far above \$2,500 would make no difference, so long as each unit in the lot, taken singly, cost the Government less than \$2,500.

The considerations which motivated the House committee in both recognizing and limiting the use of such terms and conditions as it did, appear in its report on H. R. 3322 (pp. 12, 13). The committee took "a strong position that the property once donated should be put to maximum continuous use in order to enhance the educational and public health programs of the Nation and thus render a maximum contribution to the welfare of the people." However, the committee felt that, so far as the enforcement of this principle was concerned, there were countervailing considerations.

"It is realized, however," said the committee, "that thousands of items will be donated to thousands of institutions throughout the country and that discretion must be exercised in seeking compliance with the intent of the law lest the costs become prohibitive, the constructive part of the program overlooked as to determination of use and need and equitable allocation, and the charge made that the Federal Government is unnecessarily infringing upon the rights of the States, their subdivisions, and the institutions concerned."

"This provision of the law"—i. e., the \$2,500 floor proposed in section 2 of H. R. 3322—"is intended to indicate a logical ground under which adequate but not excessive and restrictive compliance may be assured."

We agree wholeheartedly with not only the principle of 'maximum continuous use' by the donee institution as announced by the committee, but also (1) that primary emphasis should be placed on the "constructive part of the program," i. e., on equitable allocation and sound initial determinations of need for, and expected utilization of, the property; (2) that compliance activities should be carried on with due regard to the rights and sensibilities of State and local governments and of the institutions concerned; and (3) that such activities should be informed by the exercise of sound discretion and a sense of proportion, so as to keep the scope, degree, and cost of compliance activities in proper balance with the ends in view.

We have endeavored to observe these principles in actual administration. In this connection it is necessary to distinguish between, on the one hand, the terms and conditions established as to the use of personal property donated under the Federal Property and Administrative Services Act of 1949 and, on the other hand, a transitional problem arising out of terms and conditions which still attach to personal property disposed of under earlier laws. This transitional problem, which is dealt with in another part of this report and of these bills, and for which this Department is not responsible, need not, and we believe should not, be permitted to prejudice the question raised by section 2 of these bills.

We are not suggesting that the limitations and conditions as to use of donated personalty which this Department—by virtue of a delegation from the General Services Administration—has established are not susceptible to improvement. Such restrictions upon use now generally remain in effect for 4 years after use of the property by the donee has commenced. We have been exploring earnestly for some time the possibility of improving our regulations on this subject so as to limit restrictions on the use of donated property insofar as reasonably consistent with the purpose of the donation. To this end, we are now in the process of revising the applicable provisions of the manual governing this matter. The improvements will be primarily of two kinds. In the first place, we intend to relax the accountability of donees with respect to expendable property. In the second place, we intend to reduce the period of restricted use on motor vehicles from 4 to 2 years. No doubt other improvements, both in the content and period of limitations on the use of personal property, and in the administration of our compliance enforcement responsibility, will be found. With respect to the latter, the provision of the bill on cooperative agreements, discussed below, should be very helpful.

We are convinced, however, that complete elimination of these safeguards, as contemplated by S. 1004, would open the door to grave abuses and could undermine the integrity of the personal-property donation program. No amount of care in the initial disposal of the property by the Federal agency, or in distribution of it by State agencies, could obviate the need for these safeguards. It is questionable, moreover, whether any attempt to circumscribe administrative discretion in this matter by a statutory rule of thumb can do justice to the inevitable complexities of this program and to the flexibility which the administering agency needs to deal with them. The sounder approach, we believe, would be to rely broadly upon the rule of reason, leaving it to the responsible Federal agency, with the assistance of cooperating State agencies, to establish and mold appropriate safeguards in response to the exigencies of the program, and to hold these agencies accountable for the sound exercise of this power.

Should your committee nevertheless conclude that this power should be limited by some statutory yardstick other than the broad test of reasonableness, we sug-

gest a reconsideration of the \$2,500 floor proposed by H. R. 3322. In the first place, we estimate that a \$2,500 floor would preclude the imposition of appropriate safeguards for as much as 80 percent of all property donated under section 203 (j) of the act under present circumstances. (Whether this percentage would be substantially affected by the application of the program to stock-fund property of the Defense Department we do not know.)

In the second place, any flat dollar test, at whatever figure it be set, must inevitably lead to arbitrary and anomalous results. For administrative reasons, acquisition cost (as used in the bill) rather than current value, is the only workable dollar test. Yet acquisition cost may, and often does, have little or no relation to current value, or, for that matter, to its use value to the donee or to the chances of diversion from the purpose of the donation. For example, some highly specialized but obsolete items, such as jet engines and electronic equipment, may have only scrap or salvage value—a jet engine costs \$78,000 but is worth only \$150 as scrap—while others below the statutory figure but in common personal use, such as machine tools or wrist watches (the latter donated for instruction in watch-making or watch repair), invite diversion from the purpose of the donation and require appropriate safeguards. A dollar figure, also, does not allow for necessary safeguards against diversion of military items, which, if disposed of through commercial channels by the Government, would first be demilitarized for security reasons but which, if donated for educational purposes, would be left intact.

We, therefore, recommend that, if your committee should decide that some specific statutory limitation is desirable, such limit be expressed in terms of maximum duration of the conditions of use after the property has been placed in use by the donee. Two years might be a reasonable maximum period for this purpose. This would leave to the Department a reasonable degree of flexibility in dealing with the different types and kinds of property involved.

We also suggest that—in view of the fact that this Department's power to impose terms and conditions on the use of donated property pursuant to paragraph (2) of section 203 (j) of the act is a power delegated by the Administrator of General Services, and that donations under paragraph (3) of section 203 (j) are made pursuant to allocation by the Secretary of Defense rather than this Department—any provision in the bill relating to the power to impose terms, conditions, etc., upon the use of donated property specify the "Administrator"; [of General Services] rather than the Secretary of Health, Education, and Welfare.

4. *Cooperative agreements*

Section 3 of each bill would authorize the Secretary of Health, Education, and Welfare (and also the head of any other Federal agency designated by the Secretary) to enter into cooperative agreements with State departments of education or health, and with other State agencies cooperating in the programs for the disposal of personal or real property for educational or health purposes under section 203 (j) or (k) of the act. These agreements would contemplate utilization of the appropriate State agency by the Federal agency in carrying out the program, and would also authorize the Federal agency to make property, facilities, personnel, and services available to the State agency in connection therewith.

While both bills have the same desirable purpose, we prefer the provisions of section 3 of the House bill, in that they are not open to the interpretation that they authorize the Federal agency to divest itself of any of its basic statutory responsibilities through such agreements. Such agreements can serve several useful purposes.

(a) As you know, State agencies cooperating under this program now furnish valuable information to this Department in connection with the performance of their own functions under the program. However, certain legal doubts have arisen as to the extent to which the Department could accept additional services of such agencies to assist in the performance of Federal functions. Also, it has been found desirable, but not legally feasible, to assign space, and related services, etc., to representatives of such agencies in the Department's regional offices for the purpose of assisting the Department in more effectively discharging its responsibilities under the program. These doubts and impediments would be removed by the proposed amendment.

The report of the House committee on H. R. 3322 recognizes that such agreements should also include the minimum standards of operation for cooperating State agencies, which we are expected to prescribe (and have in fact prescribed), and provisions for audit and inspection of State systems and depots and of related records to assure the observance of such minimum standards. Such agreements, we believe, should further include provisions for utilizing the State agency to the

optimum extent in the policing and enforcement of compliance, by donees, with the terms and conditions placed on the use of donated property. This should make such enforcement more effective and at the same time more acceptable to the donee.

In order to place existing State relationships on a sounder and firmer basis, we recommend that section 203 (j) (2) be amended so as to require that, as a condition of participation of any cooperating State agency in this program, the State agency be required to comply with such minimum standards and provisions, and that the State agency shall have entered into and be in compliance with a cooperative agreement with the Secretary as authorized by these bills. For the convenience of the committee we are enclosing draft language which would carry out this recommendation.

(b) As a concomitant to cooperative agreements between the Secretary and State agencies, the bill would also permit side agreements between these State agencies and Federal agencies (designated by the Secretary) which have surplus personal property under their control, whereby such Federal agencies could make facilities and services (e. g., warehousing and office space at large military installations) available to State agencies to facilitate the operation of the donation program for the mutual benefit of the United States and the States concerned.

We believe that the authority for both types of cooperative agreements contemplated by the bill would be in the interest of the program, especially with the further amendment to section 203 (j) (2) above suggested.

One further point should be mentioned. The House report (p. 13) states that section 3 of the House bill is intended merely to facilitate the implementation of the program and "in no way should be considered as permitting the Secretary to delegate such basic control functions as final determination of use and need of property nor its equitable allocation." As above stated, as we construe the House bill, it would not authorize the Department to divest itself of ultimate responsibility for any of its functions. However, in order to avoid misunderstanding, we should like to make clear that when personal property is placed in the possession of a cooperating State agency for distribution to institutions under section 203 (j) (2) of the act, this Department, except with respect to types of property requiring special safeguards, makes only an overall determination that the property is useful and needed for educational or public-health purposes in the State, and not as to the need for, and utilization of, such property by the donee institution. This latter determination, except in special types of cases, is made solely by the State agency. We believe that this is consistent with the purpose and intent of section 203 (j) (2), and we assume that it was not intended by the quoted language in the House committee's report to question this practice.

5. Transitional provisions as to limitations on use of surplus personal property

The provisions of both bills, as originally introduced, with respect to application of the bill to past disposals of personal property have been technically improved and refined in H. R. 3322, and we assume that it will be sufficient in this report to comment on these provisions as contained in the latter bill.

(a) *Disposals antedating the 1949 act.*—Section 4 (a) of H. R. 3322 would terminate all terms, conditions, reservations, and restrictions as to the use of personal property donated, or sold at a discount, for educational or public-health purposes under any law enacted prior to the enactment of the Federal Property and Administrative Services Act of 1949. A saving clause in section 4 (a) would preserve any civil or criminal liability arising out of a violation occurring prior to such termination, if judicial proceedings to enforce such liability have been commenced within 1 year after enactment of the bill. As we interpret this saving clause, judicial enforcement proceedings ending at the time of enactment of the bill would likewise be saved. The purpose of these provisions is, we think, a reasonable one. There exists an area of confusion resulting from the fact that a substantial amount of personal property had been disposed of for educational and public-health purposes under the Surplus Property Act of 1944 (and regulations issued thereunder) and prior legislation. In the disposal of personal property under such legislation enacted prior to the Federal Property and Administrative Services Act, a variety of terms and conditions were imposed, with the result that both donees and State agencies are confused as to the limitations applicable. Also, the task of this Department in discharging its responsibilities for enforcing compliance by the donee with such diverse terms and conditions is exceedingly difficult. In many instances, inadequate documentation attended the original disposals.

We are, therefore, in accord with section 4 (a), subject to the committee's consideration of a clarifying amendment enclosed herewith.

(b) *Disposals pursuant to 1949 act, but antedating present bill.*—Section 2 of H. R. 3322, discussed under point 3 of this report, applies only to future disposals of surplus personal property. Meshing with this section, section 4 (b) would, effective 1 year after enactment of the bill, terminate all terms, conditions, etc., imposed under section 203 (j) of the present act (in connection with a donation prior to the enactment of the bill) upon the use of any single item of property which has an acquisition cost of less than \$2,500. A saving clause in section 4 (b) would preserve any civil or criminal liability arising out of a violation occurring prior to such termination if a judicial proceeding to enforce such liability is commenced within 1 year following the 1-year period mentioned in the preceding sentence. As we interpret this saving clause, it would cover both judicial proceedings pending at the time of enactment of the bill and those brought within 2 years after such enactment. A clarifying amendment which would make this interpretation explicit is enclosed for the convenience of the committee.

Presumably your committee will wish to adjust the transitional provisions of section 4 (b) to the committee's decision on what, if anything, section 2 of the bill should provide concerning the imposition of terms, conditions, etc., on the use of personal property donated in the future. Your attention is invited, however, to the fact that the ascertainment of acquisition costs with respect to past donations would give rise to substantial administrative difficulties, and we suggest that, if a dollar floor is established by the bill for such cases, section 4 (b) be amended to permit the use of cost estimates in the case of such past donations.

6. Quarterly reports

Section 5 of the amended bill would amend section 203 of the Federal property and Administrative Services Act of 1949 by adding a new subsection "(n)" requiring quarterly reports by the Secretary to the Senate and House, showing the acquisition cost of all personal property donated under subsection (j) and of all real property donated under subsection (k).

Inasmuch as, under section 203 (j) of the act, personal property not only can be allocated for donation pursuant to paragraph (2) by this Department, but also can be allocated for donation pursuant to paragraph (3) by the Secretary of Defense, your committee, if it desires that all property donated pursuant to section 203 (j) be covered in such reports, may wish to have such reports made by the Administrator of General Services who, it should be noted, has basic authority for donation under section 203 (j) of the act. We also suggest that the word "donated" on page 4, line 21, and on page 5, line 2, of H. R. 3322 be changed to "transferred," in order to be appropriate to the disposal of real property under section 203 (k) of the act. As you know, section 203 (k) provides for sale or lease, rather than donation, of real property, although, in fixing the sale or lease value of such property, it directs this Department to take into consideration any benefits which have accrued or may accrue to the United States from the use of such property by the State, political subdivision, instrumentality, or institution to which the property is transferred. This so-called public benefit allowance in practice ranges from 40 to 100 percent of the fair value of the property.

To summarize, we would favor (1) enactment of the provisions of section 1 of H. R. 3322 relating to working capital funds; (2) clarification or elimination of the certification provision of section 1 of the House bill; (3) modification of section 2 of the House bill so as to eliminate the dollar floor concerning the imposition of terms and conditions on the use of personal donated property; (4) enactment of section 3 of the House bill, coupled with an amendment to section 203 (j) (2) which would condition participation by a State agency in the program on compliance with minimum standards established by the Secretary and on the existence and observance of a cooperative agreement with the Secretary; (5) enactment of section 4 (a) of the House bill with minor technical amendments; (6) revision of section 4 (b) of the House bill as above suggested; and (7) technical revision of section 5 of the House bill if such section is retained in the bill.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

OVETA CULP HOBBY, *Secretary.*

STAFF ANALYSIS OF, AND DRAFT AMENDMENTS TO, S. 1004 AND H. R. 3322 (AS PASSED BY HOUSE)

1. WORKING-CAPITAL OR STOCK FUNDS

(a) Subsections (a) and (b) of S. 1004 would amend paragraph (2) of section 203 (j) of the Administrative Services and Property Act of 1949, as amended, so as to read, in relevant part, as follows, the new matter being in italic and the deleted matter in linetype:

"(2) *No property (including property capitalized in a working-capital fund) shall be sold under this or any other Act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research.* Determination whether such surplus property * * * is usable and necessary for educational purposes or public health purposes, including research, shall be made by, *or under regulations issued by,* the ~~Federal Security Administrative~~ Secretary of Health, Education, and Welfare, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator of General Services * * *."

Comment.—These amendments are unobjectionable to the extent that they would make clear that personal property in working-capital or stock funds is subject to donation under section 203 (j). However, they are open to the interpretation, and hence the objection, that they would deprive the Administrator of General Services of his basic discretion under section 203 (j) (1) of the act. The first sentence also is subject to the objection that it seems to hold up indefinitely, rather than merely for a reasonable period, the sale of any surplus property—incidentally, this is not in terms limited to personal property—until the question of usability and need for educational of public-health purposes has been determined.

The second amendment, permitting such determinations to be made under regulations issued by the Secretary of Health, Education, and Welfare, may be designed to overcome the last-mentioned objection by permitting the Secretary to determine beforehand, by regulation, that certain categories of personal property are not suitable for educational or public-health purposes, thus permitting the Federal holding agency to sell such surplus property without awaiting a specific determination by the Secretary in each case. This, however, is already provided for by regulation of the Administrator of General Services. Moreover, the second amendment is also objectionable in that it may permit broad delegation of this Department's responsibility in this matter to other agencies by regulation.

(b) Section 1 of H. R. 3322 would (in addition to an amendment not relevant in this connection) amend paragraph (1) of section 203 (j) to read:

"(1) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate for educational purposes or public health purposes, including research, * * * such equipment, materials, books, or other supplies (*whether or not capitalized in a working-capital or similar fund*) under the control of any executive agency as shall have been determined to be surplus property and which shall have been determined under paragraph (2) or paragraph (3) of this subsection to be usable and necessary for educational purposes or public health purposes, including research. * * * *In determining whether or not property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property.*"

The parenthetical clause inserted by this amendment would make clear that property in a working-capital fund is legally available for donation under section 203 (j) to the same extent as other personal property. The full sentence added to the paragraph would in this connection prohibit any discrimination in actual administration between property carried in a working-capital fund and property not in such a fund. The language of section 1 of H. R. 3322 is not open to the objections above referred to in connection with S. 1004.

A minor technical amendment may be desirable. While the intent of the amendment is as above suggested, it seems desirable to change the words "capitalized in a working-capital" fund, which appear twice in the above amendment, to read "capitalized or otherwise carried in a working-capital" fund. This is to preclude any contention—however untenable in view of the legislative history—that the bill covers only inventories on hand "capitalized" pursuant to § 405 (d) of the National Security Act (or pursuant to any comparable authority of other law) in establishing a working-capital fund, as distinguished from either property purchased from working capital appropriated to such funds or property returned to such funds.

2. REQUIREMENT THAT PARTICIPATING STATE AGENCY COMPLY WITH MINIMUM STANDARDS AND ENTER INTO COOPERATIVE AGREEMENT

In order to carry out the Secretary's recommendation made in the last paragraph under point 4 (b) of the covering letter, the addition of the following section to the bill would be appropriate:

"SEC. —. (a) Paragraph (2) of section 203 (j) of the Federal Property and Administrative Services Act of 1949 is amended by striking out the period at the end of such paragraph, and by inserting in lieu thereof a colon and the following: '*Provided*, That property shall be transferred to a State department of education, State department of health, or other State agency for distribution pursuant to this paragraph, only if, as determined by the Secretary of Health, Education, and Welfare, it meets the minimum standards of operation prescribed by the Secretary and has entered into a cooperative agreement with the Secretary pursuant to subsection (n).'

"(b) The amendment made by subsection (a) shall take effect upon enactment of this Act insofar as it relates to minimum standards of operation, and shall take effect on the 180th day following the date of such enactment insofar as it relates to cooperative agreements."

3. PERSONAL PROPERTY DISPOSED OF UNDER LAWS ANTEDATING THE 1949 ACT

Section 4 (a) of H. R. 3322 would terminate, effective with the date of enactment of the bill, all terms, conditions, reservations, or restrictions imposed on the use of property disposed of under any provision of law enacted prior to the enactment of the Federal Property and Administrative Services Act of 1949. The subsection contains a limited saving clause with respect to violations occurring before such termination. At a meeting with the staff director of the committee, representatives of some of the agencies concerned suggested clarification of this saving clause so as clearly to preserve actions commenced prior to, and pending at the time of, enactment of the bill. This might be accomplished along the following lines:

"This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation, *which occurred prior to the enactment of this Act*, of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability *is pending at the time*, or is commenced within one year after, the enactment of this Act." [New material is in italics.]

4. DISPOSALS PURSUANT TO 1949 ACT, BUT ANTEDATING PRESENT BILL

Section 4 (b) of H. R. 3322 is intended to complement, with respect to past disposals, the provisions of section 2 which limit the authority to impose terms and conditions on the use of personal property (donated in the future) to single items having an acquisition cost of at least \$2,500. Section 4 (b) would, effective 1 year after enactment of the bill, terminate all terms, conditions, etc., imposed under section 203 (j) of the present act (in connection with a donation prior to the enactment of the bill) upon the use of any single item of property having an acquisition cost of less than \$2,500. Section 4 (b) also has a saving clause, clarification of which was suggested as desirable by representatives of other agencies at a meeting with the staff director of the committee, in order to make clear that the saving clause covers judicial proceedings commenced before, but pending at the time of, enactment of the bill, as well as judicial proceedings commenced within 2 years thereafter, so long as the liability accrued not later than 1 year following such enactment. Such clarification might be achieved by a revision of the saving clause along the following lines:

"This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction, *if (1) such violation occurred prior to the expiration of such one-year period and (2) a judicial proceeding to enforce such liability is pending at the time of enactment of this Act or is commenced within not later than one year after the expiration of such one-year period.*"

If a dollar floor is retained in section 4 (b), it is suggested that on page 4, line 5, after "\$2,500", there be inserted the following: "(which shall be determined by such methods, including estimates, as the Administrator may prescribe or approve)".

5. TWO ADDITIONAL TECHNICAL AMENDMENTS ARE SUGGESTED

(a) Paragraph (1) of section 203 (j) (1) of the basic act permits donation of surplus personal property for educational or public health purposes "in the States, Territories, and possessions". Paragraph (2) of section 203 (j) merely uses the term "State," but this term has been interpreted to include "Territories and possessions" to which donations may be made under the authority of paragraph (1). Moreover, section 1 of the act of August 16, 1950 (64 Stat. 450; D. C. Code, 1951 edition, sec. 31-1301), which established the District of Columbia Educational Agency for Surplus Property, provides that, for the purposes of section 203 (j) of the basic 1949 act, the District of Columbia shall be deemed to be a "State." At the same time, section 203 (k) (1) (D) expressly defines the term "States," as used in that subsection, to include the District of Columbia and the Territories and possessions. It is therefore suggested that, for the sake of clarity and consistency, section 203 (j) be amended by striking out "Territories and possessions" in paragraph (1) and by inserting in such subsection, either a new paragraph or a new sentence, containing a definition of the term "State" similar to the definition in section 203 (k). Moreover, in view of the special status of the Commonwealth of Puerto Rico, the definition in both subsections should, we think, specifically include the Commonwealth of Puerto Rico instead of lumping it with "possessions."

(b) It is suggested that another section be added to the bill reading as follows: "SEC. —. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by striking out the words 'Federal Security Administrator' wherever they appear in subsection (j) or (k) of such section, and by inserting in lieu thereof the words 'Secretary of Health, Education, and Welfare'."

Mr. DE CAMP. I would like to summarize it in one paragraph:

We favor, first, the enactment of the provisions of paragraph 1 of the House bill, H. R. 3322, relating to working capital funds;

2. Clarification or elimination of the certification provisions of section 1 of the House bill;

3. Modification of section 2 of the House bill so as to eliminate the dollar value concerning the imposition of terms and conditions on the use of personal donated property;

4. Enactment of section 3 of the House bill, coupled with an amendment to section 203 (j) (2) of the basic act, which would condition participation by a State agency in the program on compliance with minimum standards established by the Secretary and on the existence and observance of a cooperative agreement with the Secretary;

5. Enactment of section 4 (a) of the House bill with minor technical amendments;

6. Revision of section 4 (b) of the House bill, as suggested in the Department's report; and

7. Technical revision of section 5 of the House bill if such section is retained in the bill.

Mr. Chairman, those are more or less technical questions.

The CHAIRMAN. They are all set out in your report?

Mr. DE CAMP. They are all set out in our report. The only major question we have, I think, has to do with the dollar limitation of \$2,500, and the—

The CHAIRMAN. Do you have any objection to the \$2,500?

Mr. DE CAMP. Well, we would prefer a time limitation. We are a little bit fearful that by eliminating compliance on all property below \$2,500 the door may be opened to some abuses.

The CHAIRMAN. What figure would you recommend?

Mr. DE CAMP. Well, I was not going to recommend any figure; simply a time element on use.

The CHAIRMAN. Do you have a time limitation?

Mr. DE CAMP. We do now, but we would reduce that, if your committee should decide some specific statutory limitation is desirable, such limit to be expressed in terms of maximum duration of the conditions of use after the property has been placed in use by the donee. Two years might be a reasonable maximum period for this purpose. This would leave to the Department a reasonable degree of flexibility in dealing with the different types and kinds of property involved.

I do not mean by that that we could not live with this as it is in the bill.

The CHAIRMAN. The 2-year limit you suggest, that would mean that the donees could not dispose of this property within a 2-year period?

Mr. DE CAMP. That is right; or not hold it if not placed in use.

The CHAIRMAN. In other words, if it was not placed in use, it would be your feeling——

Mr. DE CAMP. That it would have to be returned.

The CHAIRMAN. It would revert back?

Mr. DE CAMP. That is right.

The CHAIRMAN. What is the cost of policing those limitations?

Mr. DE CAMP. Well, the only policing would be to see that it was done, that it was placed in use.

The CHAIRMAN. Would it be very expensive, the administration of it?

Mr. DE CAMP. Well, I do not think it would be any more expensive than it would be to determine what had happened to the property after it was donated under the \$2,500 limitation. It is about as broad as it is long. As far as recordkeeping goes, you have to keep records of the property anyway, no matter what provision was made.

The CHAIRMAN. Any other questions by members of the committee?

Senator THURMOND. As I understand it, you favor eliminating this subparagraph 4 of section 2; is that right?

Mr. ELLENBOGEN. Just the \$2,500.

Mr. DE CAMP. Just the \$2,500.

Senator THURMOND. Well, if you eliminate that, what figure do you suggest should be in there—have you suggested any figure?

Mr. DE CAMP. No figure; just the time limitation.

Senator THURMOND. Well, do you have a time limitation? If you give a building to a State, does the Federal Government supervise that building and determine whether or not to ask for it later and ask for limitation—that is, if you give it to them, why don't you just give it to them?

Mr. HILLER. Well, sir, we are talking about personal property only, and in connection with the personal property, the past procedures have called for imposition of conditions and restrictions on the use of the property donated for 4 years.

Senator MARTIN. Four years or for years?

Mr. HILLER. Four years.

Now, we are suggesting in this report that if the committee and if the Congress deem it desirable to establish a maximum upon what the Secretary may do by way of imposing conditions, that maximum be expressed in terms of a limit on the length of the conditions or the duration of the conditions to be imposed rather than with respect to

the dollar acquisition cost of the items to which the conditions will be applicable.

Senator THURMOND. Well, suppose you give a building to a State for a school district. Do you consider that real or personal property?

Mr. HILLER. It has been considered real property, sir.

Senator THURMOND. Although you detach it and move it?

Mr. HILLER. That is correct.

Senator THURMOND. Well, after it is located, then it becomes real estate—after it is attached to land—but when you move it, it is personal?

Mr. HILLER. It is.

Senator THURMOND. I mean, you consider it real; that is the way you construe it?

Mr. HILLER. Yes.

Senator THURMOND. Now, this applies only to personal property?

Mr. HILLER. That is right.

Senator THURMOND. Now, suppose you would give an iron lung to a hospital. What kind of limitation would you want to put on that?

Mr. HILLER. Well, normally, in the donation of equipment of that kind, the institution signs a certification which, among other things, provides it will continue the property in use for a period of 4 years.

Now, in the event—

Senator THURMOND. Well, this leaves it open to your Department to put any restriction it wants to; if it wants to put 2 years, 6 years, 4 years, under which you recommend—

Mr. HILLER. No, sir. We are recommending in our report that if the Congress sees fit to place some limitation upon the conditions or restrictions that we may impose, that the limitation take the form of a prohibition, if you will, against our imposing a condition or restriction against the use of the property that will last longer than 2 years, so that at the maximum we would not be permitted under the law to impose a condition which would last longer—

Senator THURMOND. In other words, you are recommending, then, to eliminate any figure?

Mr. HILLER. That is correct.

Senator THURMOND. As to acquisition cost?

Mr. HILLER. That is right.

Senator THURMOND. And replace the 4-year limitation with respect to supervision over the property by a period of 2 years?

Mr. HILLER. That is right.

Senator THURMOND. That is the maximum?

Mr. HILLER. And that would be as a maximum, sir.

Senator THURMOND. Well, do you think you need to have it supervised even that long?

Mr. HILLER. Well, there are—

Senator THURMOND. Well, then, are you not really—is not a Federal agency then more or less supervising a State in the handling of its own property; would you not have conflict between a Federal agency and a State or subdivision of a State in the manner it sees fit to handle its own property?

Mr. HILLER. Well, we contemplate, sir, that under those circumstances we would attempt, so far as possible, to make the optimum use of a State agency in making periodic spot checks of the institution.

Senator THURMOND. Well, do you think there would be much abuses if you handled it through a State agency and let that State do it as that State saw fit, let them supervise it, let them do it, and get out of the picture, and that would prevent your inspectors having to run around and your having to do a lot of bookkeeping to find out what the State was doing with the property—couldn't you trust the State to do that?

Mr. HILLER. Undoubtedly we can trust the State, Senator, but we feel that the State unquestionably will not impose any conditions on the use of property when they redistribute it; they undoubtedly would assume that Congress, having proscribed the Secretary of the Health, Education, and Welfare Department from imposing conditions, that they would likewise—

Senator THURMOND. Well, I commend you in liberalizing your supervising restrictions, but what I am in favor of is letting the States determine that themselves and take you out of the picture.

Mr. HILLER. Well, we envisage that the major part of the supervising and compliance in that respect would be discharged by the State through the medium of cooperative agreements provided for in section 3 of the bill.

Senator ERVIN. Well, wouldn't it be better to envision—in other words, when you make a gift of property—that the property should pass to the donee free from supervision? If the Federal Government gives something to a State, I think that it should act on the assumption that the State is just as intelligent as the Federal Government.

Senator THURMOND. And would act in as good faith.

Senator ERVIN. Yes; and would act in as good faith.

Senator THURMOND. And then you would not have to have a lot of inspectors and supervisors running around, and you would eliminate that cost and expense on the part of the Federal Government.

Mr. FRAZIER. I would like to point out, Senator—

Senator THURMOND. There may be a few abuses, I will grant you, but those few abuses would be such a minimum that they would not warrant the supervising and bookkeeping agencies that you are going to require to supervise all the States, all over the United States, in the way they are handling the property that you give them.

Mr. ELLENBOGEN. May I, sir, try to explain that point. As I see it, it is this:

If there are no terms and conditions attached to the use of this property, then a State agency, however much you may trust it, would be as powerless as we would be to assure the use of that property, because there is no condition attached to it.

In other words, there would have to be a condition that it be used for the educational or public health purposes for which it was donated before there could be any attempt, either on the part of a State agency or a Federal agency, to see that it is used for this purpose.

So, it is not a question of trusting a State agency. The proposal in our report is that we do use State agencies to an optimum extent in the compliance program, and it is simply a question that you must have something to comply with before you can comply, and if there are no conditions, there is nothing to comply with.

Senator THURMOND. Does the State agency now certify it is to be available for public use?

Mr. ELLENBOGEN. The State agency does not receive title.

Senator THURMOND. I understand that, but in order to help a school district or to give property to a hospital, do they make any kind of a certificate?

Mr. ELLENBOGEN. They get a certificate from the institution. The State agency, on account of limitations of personnel and manpower, I understand, cannot make independent investigation normally in those cases, and it must rely on the certificate of the institution as a practical matter, and so, with that sort of a situation—

Senator THURMOND. There is always a danger that arises from the fact that you feel that some State or some political subdivision of a State would acquire property from you and keep it for maybe 3 months, and then sell it and convert it into cash?

Mr. ELLENBOGEN. Yes.

Senator THURMOND. Convert the proceeds of it.

Mr. ELLENBOGEN. Or make no use of it at all, when another institution might have a tremendous need.

Senator THURMOND. Is there any danger of that? I am trying to find out what the reasoning is.

Mr. HILLER. There is a danger of that, Senator, but our suggestion is directed toward this type of situation, the one in which the institution, whether it be a school district or a health institution, would go to a State agency and obtain surplus property of the Federal Government on the representation and certification that it is needed and it is usable for that particular purpose of health or education. Then, after having received the property with all good faith, perhaps, and innocently, perhaps, we will say, for a plan to have a new ward in the hospital or a plan for opening a vocational trade course in a particular school, the institution finds that that plan must be changed and the property therefore can no longer be used and is not longer needed; and unless there are conditions or restrictions which follow that property, then that property will never be returned to the State agency for distribution to other schools or health institutions which do have a need for it, and in lieu thereof, the individual institutions would then dispose of it by sale.

Now, that is the situation with which we are essentially concerned.

Senator THURMOND. I see your point on that.

The CHAIRMAN. In other words, what you have in mind when you favor returning the property if it is not used, would be to return it to the State authorities for further distribution?

Mr. HILLER. That is correct.

The CHAIRMAN. To some school or institution that would need the property and thus prevent the school or the hospital from making application for and receiving property it actually did not need, and thus deprive someone of its use who did need it?

Mr. HILLER. That is correct.

Senator THURMOND. Would you resume title to the property?

Mr. HILLER. No, sir—

Senator THURMOND. It would go to some other institution?

Mr. HILLER. That is right.

The CHAIRMAN. You do not want the property—

Mr. HILLER. We want it used.

The CHAIRMAN. All that you want to do is to try to see that use is made of it.

Mr. HILLER. I would like at this point, so the record may be clear, observe that the major portion of what we call compliance activities

is in this area of operations and results in the reuse and redistribution of property which had originally gone to one institution and later on developed to be excess to its needs, and so it was redistributed and reused for health or educational purposes.

The CHAIRMAN. Have you found many abuses in this area?

Mr. HILLER. I think the abuses in this area are more or less minimal as compared to those that occurred under prior legislation.

Senator THURMOND. How do you keep track of all of this property all over the United States? Do you have some people in each State check on it?

Mr. HILLER. I think Mr. Frazier can answer that.

Mr. FRAZIER. Sir, we do not attempt to keep up with all of the property. The main reason why we think there is a need for restrictions is to take action when action is required, and——

Senator THURMOND. In other words, a moral effect?

Mr. FRAZIER. Not only that, but to help out in certain difficulties that arise in retransfers or redistribution of the property; even by the States it is a voluntary proposition; a school comes and says, "We have a machine tool that we no longer need," and so we redistributed it or sold it for the account of the Government.

Senator THURMOND. Who actually does that transfer?

Mr. FRAZIER. The State agency.

Senator THURMOND. And you don't have people running in to the States?

Mr. FRAZIER. No, no.

Mr. LUND. We are organized on a regional pattern.

Mr. DE CAMP. What is the total appropriation?

Mr. FRAZIER. We only have an appropriation of \$400,000 which we just got this year, and we have a total of 60 people.

Mr. DE CAMP. For the whole program.

Mr. FRAZIER. The clerical help on paperwork and allocation of property, 36 clerks and 24 men for the whole country, including the Territories and Alaska.

The CHAIRMAN. Thank you.

The Chair wishes to announce for the information of members of the committee, that the staff will require some time to draft the suggested amendments for the committee's consideration. I would, therefore, like to request the representatives of the agencies present this morning, or some of you at least, to meet with the staff tomorrow at 10 o'clock to render what assistance they can in drafting of these suggested amendments.

The Chair is not assuming all amendments will be rejected or all amendments will be adopted, but they have been proposed here, and it will take some technical and professional work to get them drafted properly, and the full committee will take action on them when they are presented.

Mr. ELLENBOGEN. We have included in the report an attachment which gives suggested draft amendments, and we would be very happy to assist the committee staff in working out anything else that the committee wishes to incorporate.

The CHAIRMAN. Thank you.

(Whereupon, at 12:10 p. m., the committee adjourned.)

UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES

HEARINGS BEFORE THE SPECIAL SUBCOMMITTEE ON DONABLE PROPERTY OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES EIGHTY-FOURTH CONGRESS FIRST SESSION ON **H. R. 3322**

TO AMEND THE FEDERAL PROPERTY AND ADMINISTRATIVE
SERVICES ACT OF 1949 SO AS TO IMPROVE THE ADMINIS-
TRATION OF THE PROGRAM FOR THE UTILIZATION
OF SURPLUS PROPERTY FOR EDUCATIONAL AND
PUBLIC HEALTH PURPOSES

FEBRUARY 15, 17, AND 21, 1955

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UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES

TUESDAY, FEBRUARY 15, 1955

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON DONABLE PROPERTY
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The subcommittee met, pursuant to notice, at 10:05 a. m., in room 1501, New House Office Building, Representative John W. McCormack presiding.

Subcommittee members present: Representatives John W. McCormack (chairman), John E. Moss, Jr., and Charles R. Jonas; and members ex-officio Representatives William L. Dawson (chairman of the Committee on Government Operations) and Clare E. Hoffman.

Also present: Ray Ward, staff director, Special Subcommittee on Donable Property; W. T. Frazier, Director, Surplus Property Utilization, Department of Health, Education, and Welfare; and Howard Gammon, Bureau of the Budget.

Mr. McCORMACK. The subcommittee will come to order.

The subcommittee is considering H. R. 3322, and the subject covered by H. R. 3322 is the donable surplus property program.
(H. R. 3322 is as follows:)

[H. R. 3322, 84th Cong., 1st Sess.]

A BILL To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (2) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 (40 U. S. C., sec. 484) is amended by inserting immediately after "(2)" the following: "No property including property capitalized in a working-capital fund) shall be sold under this or any other Act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research."

(b) Paragraph (2) of such subsection is further amended by striking out "the Federal Security Administrator" and inserting in lieu thereof the following: "or under regulations issued by the Secretary of Health, Education, and Welfare".

SEC. 2. Paragraph (2) of subsection (k) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by inserting "real" immediately before "property" where it appears in subparagraphs (A) and (B).

SEC. 3. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health pur-

poses provided for in subsections (j) or (k) of this section. Such cooperative agreements may provide that either the Federal agency or the State agency will assume responsibility for a part of the duties of the other agency which relate to such program, and that either such agency will make available to the other agency such property, personnel, or funds as may be necessary to enable it to perform such duties."

SEC. 4. Subsection (d) of section 602 of the Federal Property and Administrative Services Act of 1949 is amended by inserting after "Nothing in this Act" the following: "(including the first sentence of section 203 (j) (2))".

SEC. 5. No restrictions or conditions on the utilization of surplus personal property donated or sold at a discount for educational purposes or public health purposes, including research, prior to the enactment of this Act under the Federal Property and Administrative Services Act of 1949 or any other Act dealing with the disposal of surplus property shall remain in effect after one year after the enactment of this Act.

[H. R. 3322, 84th Cong., 1st sess., Report No. 206].

[Strike out all after the enacting clause and insert the part printed in italic].

A BILL To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (2) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 (40 U. S. C., sec. 484) is amended by inserting immediately after "(2)" the following: "No property (including property capitalized in a working capital fund) shall be sold under this or any other Act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research."

(b) Paragraph (2) of such subsection is further amended by striking out "the Federal Security Administrator" and inserting in lieu thereof the following; "or under regulations issued by, the Secretary of Health, Education, and Welfare".

Sec. 2. Paragraph (2) of subsection (k) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by inserting "real" immediately before "property" where it appears in subparagraphs (A) and (B).

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Sec. 4. Subsection (d) of section 602 of the Federal Property and Administrative Services Act of 1949 is amended by inserting after "Nothing in this Act" the following: "(including the first sentence of section 203 (j) (2))".

Sec. 5. No restrictions or conditions on the utilization of surplus personal property donated or sold at a discount for educational purposes or public health purposes, including research, prior to the enactment of this Act under the Federal Property and Administrative Services Act of 1949 or any other Act dealing with the disposal of surplus property shall remain in effect after one year after the enactment of this Act.

That paragraph (1) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended (1) by inserting after "other supplies" the following: "(whether or not capitalized in a working-capital or similar fund)", and (2) by adding at the end thereof the following: "No property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State. In determining whether or not property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the

National Security Act of 1947, as amended, or any similar fund, and any other property."

Sec. 2. (a) Subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary of Health, Education, and Welfare may impose reasonable terms, conditions, reservations, and restrictions upon the use of any single item of property donated under this subsection which has an acquisition cost of \$2,500 or more."

(b) The amendment made by subsection (a) shall apply only with respect to property donated after the date of enactment of this Act.

Sec. 3. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in subsections (j) or (k) of this section. Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization."

Sec. 4. (a) In the case of personal property donated or sold at a discount for educational purposes or public health purposes, including research, under any provision of law enacted prior to the enactment of the Federal Property and Administrative Services Act of 1949, no term, condition, reservation, or restriction imposed on the use of such property shall remain in effect after the date of the enactment of this Act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within one year after the enactment of this Act.

(b) No term, condition, reservation, or restriction imposed upon the use of any single item of property donated under section 203 (j) of the Federal Property and Administrative Services Act of 1949 prior to the enactment of this Act which has an acquisition cost of less than \$2,500 shall remain in effect after the expiration of the one-year period which begins on the date of the enactment of this Act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within one year after the expiration of such one-year period.

Sec. 5. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(n) The Secretary of Health, Education, and Welfare shall submit, during each calendar quarter, a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of such House if it is not in session) showing the acquisition cost of all personal property donated under subsection (j) and of all real property donated under subsection (k) during the preceding calendar quarter to, or for distribution to, educational or public health institutions in each State, Territory, and possession. The first report under this subsection shall be made with respect to property donated during the first calendar quarter which begins after the enactment of this subsection."

Mr. McCORMACK. The subcommittee will go pretty extensively into the subject of the donable surplus property program. There is a tremendous amount of interest in this field, not only in H. R. 3322 but in the program, the donable surplus property program; and we hope to expedite hearings, yet give everyone who wants to be heard a reasonable opportunity to be heard.

The issue seems to me to be a very narrow one. Congress in 1949 enacted one law providing for this program—I am talking about recent years. Of course, through the years, the years preceding the 1949 enactment, there were a number of enactments, but starting with 1949,

the Congress enacted a law, with a bill coming out of this committee.

Then another law was passed relating to some activities respecting the Department of Defense 40 days later.

Then in 1950 Congress legislated on this particular subject again. As a result of the construction of the bill enacted into law about 40 days after the 1949 enactment was enacted into law, the Defense Department has, for all practical purposes, impeded, if not defeated the program, this worthy and deserving program.

It is the hope of the chairman and, I am sure it is the hope of the other members of the subcommittee, that all agencies will cooperate with the subcommittee in the drafting of legislation that will carry out the intent of Congress in connection with this very deserving program.

Have you any observations to make, Mr. Jonas?

Mr. JONAS. No. I just wondered if it would be appropriate at this point at the beginning to make a record of the different public laws involved for future reference.

Mr. McCORMACK. Without objection, that will be done. Mr. Ward, you see that there is a record of that.

Mr. WARD. Yes, sir.

(The laws relating to donable surplus property follow:)

LAWS RELATING TO DONABLE SURPLUS PROPERTY

1. Public Law 91, 66th Congress (H. R. 3143), approved November 19, 1919
2. Public Law 615, 69th Congress (H. R. 12212), approved February 14, 1927
3. Public Law 524, 70th Congress (S. 1822), approved May 26, 1928
4. Public Law 249, 71st Congress (S. 3185), approved May 23, 1930
5. Public Law 455, 74th Congress (H. R. 1381), approved February 27, 1936
6. Public Law 460, 74th Congress (H. R. 8024), approved February 28, 1936
7. Public Law 849, 76th Congress (H. R. 10412), approved October 14, 1940
8. Public Law 292, 78th Congress (H. R. 2618), approved April 22, 1944
9. Public Law 457, 78th Congress (H. R. 5125), approved October 3, 1944
10. Public Law 697, 79th Congress (S. 2085), approved August 8, 1946
11. Public Law 883, 80th Congress (S. 2554), approved July 2, 1948
12. Public Law 889, 80th Congress (H. R. 5882), approved July 2, 1948
13. Public Law 152, 81st Congress (H. R. 4754), approved June 30, 1949
14. Public Law 698, 81st Congress (H. R. 6104), approved August 16, 1950
15. Public Law 754, 81st Congress (S. 3959), approved September 5, 1950

Mr. McCORMACK. Are there any observations you want to make, Mr. Moss?

Mr. MOSS. No, Mr. Chairman. I feel that you have covered it quite adequately at the moment.

Mr. McCORMACK. I notice we have some colleagues of ours here, and they are all busy men, and they all have their problems. Mr. Matthews, you indicated to me you would like to make a statement.

Mr. MATTHEWS. Thank you, sir.

Mr. McCORMACK. The subcommittee will be very glad to hear you.

STATEMENT OF HON. D. R. (BILLY) MATTHEWS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. MATTHEWS. Mr. Chairman and gentlemen of the subcommittee, I want to say a few words.

Mr. McCORMACK. Give your full name, will you, please, and your district.

Mr. MATTHEWS. D. R. (Billy) Matthews, representing the Eighth District of Florida.

I want to thank you, Mr. Chairman and the gentlemen of the subcommittee, for permitting me this privilege of making a brief statement.

Before I came to Congress I was connected with the University of Florida at Gainesville, and I was reasonably familiar with the splendid program which was carried on under the auspices of the Florida Improvement Commission, taking the surplus property and giving it to our institutions that sorely needed it.

Mr. Chairman, I come from a district that desperately needs this property—a district which is largely agricultural and which, as I say, has gained tremendously from this fine program.

I have been somewhat concerned the last few months about what seems to be a different problem. It seems as though this surplus property is not being made available in the quality and to the extent that it should be, and I have had considerable correspondence from interested citizens in Florida.

At this point in the record I would like to include a letter from H. E. Wood, State supervisor of vocational agriculture.

Mr. McCORMACK. Without objection, so ordered.

Might I also suggest at this point that preceding the insertion, we have a letter from the Governor of Florida.

Mr. MATTHEWS. Thank you, sir.

Mr. McCORMACK. You asked permission to insert that.

Mr. MATTHEWS. I would like to ask permission to insert that letter.

Mr. McCORMACK. Without objection, so ordered.

(The document referred to follows:)

STATE OF FLORIDA,
EXECUTIVE DEPARTMENT,
Tallahassee, February 16, 1955.

HON. JOHN W. McCORMACK,
*House of Representatives,
Office of the Majority Leader,
House Office Building, Washington, D. C.*

DEAR CONGRESSMAN McCORMACK: Thank you so much for your letter of February 11 with regard to H. R. 3322 which has been introduced by you.

I appreciate very much your sending me copies of the Congressional Record containing the remarks made by you on the floor of the House on the subject, and am grateful to you for the fine cooperation that you have given to me in this matter.

With kindest regards, I am
Sincerely,

LEROY COLLINS, *Governor.*

STATE OF FLORIDA,
DEPARTMENT OF EDUCATION,
Tallahassee, February 14, 1955.

HON. D. R. MATTHEWS,
*Member of Congress,
House Office Building,
Washington, D. C.*

DEAR BILLY: This letter is in reference to H. R. 3322 which was introduced in the House by Congressman John W. McCormack, and S. 1004 which was introduced in the Senate by Senator John McClellan. As you perhaps know, the bills accomplish three objectives regarding surplus property:

(1) Establish a priority, after Federal utilization, for donation to educational and health use.

(2) Establish a legal basis for a cooperative agreement of operations between Health, Education, and Welfare and the State programs.

(3) Clarify title on personal property and real property acquired for off-site use—1 year after date of passage of the bill.

Since we have worked very closely with the supervisor of the surplus property division of the Florida State Improvement Commission for a number of years, we have had many useful donations to vocational agriculture departments throughout Florida. At the present time our program is expanding along with the rapid growth of Florida; and we are trying to get many new farm mechanics shops properly equipped so that they will be more conducive to an effective program in vocational agriculture, as taught throughout public schools of Florida.

The enclosed telegram is self-explanatory and it will be greatly appreciated if you also can give your support to the bills which have been mentioned.

I want to take this opportunity to thank you for the staunch support which you have given the vocational agriculture program at all times during the past.

With best wishes,

Yours sincerely,

H. E. WOOD,

State Supervisor, Vocational Agriculture.

(This letter sent to all Florida Senators and Representatives in Congress.)

Mr. MATTHEWS. Now, Mr. Chairman, just this very brief statement that I will present to the clerk after I read it, with your permission.

I just want to say again that I am glad to appear on behalf of H. R. 3322, a bill which was introduced by the Honorable John McCormack in behalf of the surplus property donation program.

I want to associate myself with the views of the gentleman from Massachusetts, Mr. McCormack, views which he so ably expressed on the floor of the House several days ago.

I have talked about this problem at some length with Mr. F. O. Rolland, supervisor of the surplus property division of the Florida State Improvement Commission, who is here with us today.

This Commission has jurisdiction in Florida over the surplus property program.

I want to say that this program in the past has rendered inestimable benefits to the educational and public health programs of Florida.

It is my belief that H. R. 3322 will enable the improvement commission, acting as the State agency for surplus property, to administer more effectively the program, and render a greater service to the people of our State through the enrichment of the educational and health opportunities of the State of Florida.

I plead, Mr. Chairman, for your committee to report favorably H. R. 3322. Thank you, sir.

Mr. McCORMACK. Any questions? Thank you very much, Congressman Matthews.

Are there any other Members of the Congress here who want to make a statement?

Mr. LIPSCOMB. Mr. Chairman—

Mr. McCORMACK. Mr. Lipscomb.

STATEMENT OF HON. GLENARD P. LIPSCOMB, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. LIPSCOMB. Mr. Chairman, I have not a prepared statement, but I would like to say that I certainly concur with your statements that you made on the floor and in the committee here. The program has been of great value to the State of California. Since 1946 over \$90

million worth of goods have been donated to the State of California, to our schools and public health services and others, and I believe that H. R. 3322 will be of value. I would like to encourage the committee to report it favorably to the Congress.

Mr. McCORMACK. Thank you very much.

Are there any other members who wish to make statements?

STATEMENT OF HON. L. H. FOUNTAIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. FOUNTAIN. I am L. H. Fountain, Representative of the Second Congressional District of North Carolina.

I would like to associate myself with the views so well stated by our chairman. I strongly favor this piece of legislation.

I do not care to make any additional statement at this point other than to say that we are expecting a statement from the Governor of North Carolina and from the heads of several of our institutions in North Carolina, and I would like the privilege of having those statements made a part of the record of these hearings.

Mr. McCORMACK. Without objection, so ordered.

(The documents referred to were inserted into the record later during the hearing.)

Mr. McCORMACK. Now, Mr. Ward, the Chair would like to hear from you. Give your full name for the record, Mr. Ward.

STATEMENT OF RAY WARD, STAFF DIRECTOR, SPECIAL SUBCOMMITTEE ON DONABLE PROPERTY

Mr. WARD. My name is Ray Ward; I am the staff director for the Special Subcommittee on Donable Property.

Mr. Chairman, if I may, I should like to give a brief history of the donable surplus property legislation. First of all, the Constitution provides that the Congress shall have sole authority over Federal property. Article IV, section 3, paragraph 2, states:

The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States, and nothing in the Constitution shall be so construed as to prejudice any claims of the United States or of any particular State.

There was not much surplus property legislation enacted prior to World War I. Surplus property was not a real problem in the country up to that time, and Congress did not anticipate the volume of property that would be made available after World War I.

There was no action taken before the termination of hostilities. President Wilson issued an Executive order late in 1918 to cover the situation as to the disposition of World War I surplus property.

Since that time, however, there have been many acts dealing with the subject.

Mr. McCORMACK. You will put them in the record.

Mr. WARD. I shall do that, Mr. Chairman.

Mr. McCORMACK. Mr. Jonas requested that.

Mr. WARD. Here is a list of 15 separate statutes dealing with the subject. (See p. 4.)

The Congress has taken the position that the property belongs to the people. It was paid for with the taxes of the people, and it should be used for the general benefit of the people.

You may recall that in 1943 this committee favorably reported a bill, H. R. 2795, which was passed by the House, in June of 1943. The proponents of that bill thought it unwise to provide for donations. However, the Senate did not act on the bill.

In October of 1944, the Surplus Property Act was passed, making provision, as you know, for donations to schools, hospitals, and various other public bodies.

By 1948, the cost of administration of the act, because of the numerous priorities and preferences, was beginning to exceed the returns from the sale of the property.

President Truman, in March of 1948, sent a message to Congress stating that the cost of administering the act was becoming prohibitive, and recommended the termination of the Surplus Property act and the creation of a central property agency to administer the property of the Federal Government.

The Senate Expenditures Committee took action on a bill, S. 2754 (the Federal Property Act of 1948), with provision only for the donation of property that had no commercial value or property the cost of care and handling of which would be exorbitant.

Early reports and hearings are sometimes quoted to indicate that that was the ultimate intent of Congress, and it should be said that the Senate committee did have that in mind in that original draft.

However, the provision was not acceptable to the Congress, and when the Federal Property and Administrative Services Act of 1949 was considered, an amendment was added to the effect that real and personal property, useful and needed by schools, should be donated to the schools.

It also provided that real property, which was useful and needed by health institutions should be donated to them.

So final action by Congress completely overruled the earlier thought of the executive branch that the time had come when such donations should be discontinued.

The Congress carefully considered the matter and decided that public benefits would be so large, and the returns from the sale so small, that the program should go on.

Later, in September of 1950, over a year after the enactment of the basic legislation—

Mr. McCORMACK. That is Public Law 152, is it not the basic act?

Mr. WARD. Yes; Public Law 152.

A year after the enactment of Public Law 152, the Congress enacted Public Law 754, and reconsidered the matter carefully, and decided to extend donations of personal property to health institutions. So by those two acts, both real and personal property were made eligible for donation when useful and needed to educational and health institutions.

Mr. McCORMACK. Well, from the enactment of the 1949 law until some time within recent months, was there any difficulty in the administration of the law, in carrying out the intent of Congress?

Mr. WARD. The program was highly successful, Mr. Chairman. About \$1.4 billion of both real and personal property—

Mr. McCORMACK. That is acquisition costs?

Mr. WARD. Acquisition costs—was made available to the various institutions from 1946–1954.

Now, some difficulties arose in the State of North Carolina along in 1947–48.

Mr. McCORMACK. Well, that was under another law.

Mr. WARD. It was under previous legislation.

Mr. McCORMACK. Yes; so we will not have to go into that.

Mr. WARD. On August 10, 1949, the Congress enacted Public Law 216 as an amendment to the National Security Act of 1947. The intent of that act is stated to provide for the promotion of economy and efficiency through the establishment of uniform budgetary and fiscal procedures and organizations.

It was intended to bring about more businesslike methods in the Department of Defense which, as you know, uses some two-thirds of the Federal budget.

Section 405 of that statute gave the Secretary of Defense authority to establish what is known as working capital funds or stock funds in his discretion when he thought that would be helpful in carrying out the purposes of the act.

That was in August 1949. It was not until 5 years later, or practically that—February 1, 1954—that the Comptroller of the Department of Defense issued a regulation, 7420.1, establishing the way in which the stock funds, working capital funds, would be administered.

The position was taken at that time that once inventories are capitalized into a stock fund, they are not eligible for donation under the donable property laws.

Mr. McCORMACK. Well, the effect of that was what, in relation to the donable property law?

Mr. WARD. The effect of that is to freeze the donable property and curtail the program, Mr. Chairman. Not only that, excess properties are actually capitalized into the stock funds, with the result that large sales are made later of the excesses. On the table is a list of some 100 sales that have been made in various parts of the country the last several months. All kinds of property are being offered for sale, some of it new, some of it used, various conditions, but it is excess, actually, to the needs of the stock fund, and it is not eligible for donation under Public Law 152, as amended by Public Law 754. Under the existing Department of Defense interpretation it must be sold.

It is very difficult to state the value of the property. The only figure that property administrators have ever been able to use has been the acquisition cost and, obviously, in some cases a military item may have cost \$100, and might be worth only a few cents for sale. So use of the figure is misleading. But, conversely, there are many items that have practically no sale value which are of great value to educational and health institutions.

I might give you an example. The services had vast quantities of landing mats. They are an iron network. A section is 8 or 10 feet long and maybe 3 or 4 feet wide. They were used, as you know, in making landing fields. There have been hundreds of thousands of those surplus over the country.

If they are sold, they bring a few dollars a ton as scrap.

Mr. McCORMACK. Or whatever they would get as scrap.

Mr. WARD. Yes; whatever the market may be.

However, the schools have found many uses for the mats. I found, for instance, in a recent trip in Texas, that they are used around football fields, schoolyards, and so forth. They are stood on end, spot-welded together, welded to posts, and are of real value. They are not only used for fencing but for reinforcement when laying a foundation to a school or gym or other building. So that kind of property, while having very little sale value, has great value to the institutions. There are many, many examples like that.

However, according to the information we are able to get, the net return from these numerous sales of billions of dollars worth of property has been less than 5 percent net.

Mr. McCORMACK. By "net return" what do you mean?

Mr. WARD. The return after deducting the costs of sale and other costs that may be involved, Mr. Chairman.

Mr. McCORMACK. Have you some figures on that on some of the sales?

Mr. WARD. Yes; I have, Mr. Chairman. We got some figures that were supplied to us by the Columbus General Depot.

Mr. McCORMACK. For example, will you quote some of these?

Mr. WARD. Here is one lot of "salvage, surplus property" acquisition costs, \$1,180,756.55; the proceeds were \$117,504; the net return was 9.8 percent.

Mr. McCORMACK. A net or gross return?

Mr. WARD. That was a gross return.

Mr. McCORMACK. Gross return.

Mr. WARD. And some miscellaneous vehicles were sold that brought 16 percent.

Mr. McCORMACK. What was the acquisition cost?

Mr. WARD. That was \$143,804; the returns were \$23,940.

Mr. McCORMACK. Yes.

Mr. WARD. And then there were some Quartermaster and Corps of Engineers spare parts, \$8,243,000 in acquisition costs; proceeds were \$386,298; return, 4.6 percent.

Of that group, the acquisition costs were \$9.5 million.

Mr. McCORMACK. \$9,568,484.

Mr. WARD. Yes.

Mr. McCORMACK. So that the record will show it correctly; is that right?

Mr. WARD. Yes; that is correct.

Mr. McCORMACK. All right. What were the proceeds, the gross sale proceeds?

Mr. WARD. The proceeds were \$527,742.58.

Mr. McCORMACK. And the gross percentage return?

Mr. WARD. Was 5.5 percent.

Also there were a number of sales at other installations that were reported to us—for the benefit of the members it is on page 9 of this little summary—showing \$5,952,113.94; that was the acquisition cost; with proceeds of \$335,617.21; percent of return, 5.6 percent.

A task force comprised of individuals from the Bureau of the Budget, Department of Health, Education, and Welfare, Department of Defense, and General Services Administration made a survey of a number of installations last fall. From the summary that has been

furnished to the committee—and you will find it in your folder—it shows that the net return from that property was less than 5 percent net. That was on \$1,184,319,708 acquisition costs, with a return of \$67,162,663, less than 5 percent net return in that case.

Mr. McCORMACK. Did that include—the net return—the expenses paid by the Defense Department out of other appropriations?

Mr. WARD. I do not believe that it does, Mr. Chairman.

Mr. Gammon of the Bureau of the Budget is here, and he probably could answer that specifically.

Mr. McCORMACK. Could you answer that, Mr. Gammon?

Mr. GAMMON. I do not have the papers in front of me, Mr. Chairman. I cannot answer that in detail now, but if the committee wants specific information we will try to get it for a more specific answer.

Mr. McCORMACK. Now, as the staff of the subcommittee of the 83d Congress, Mrs. Harden's subcommittee, you went around the country visiting to get first-hand information, did you not, as to the manner in which the program was operating? Will you give the committee the benefit of what you observed?

Mr. WARD. Yes, Mr. Chairman.

I went to five States—Ohio, California, Texas, Pennsylvania, and Massachusetts—to observe whether or not this donated property was being used or whether it was just being hoarded, whether it was being misused, and also the benefits that were being derived from it. I might give you a few examples.

There is a little trade school in Boston called the Don Bosco School. It is in a relatively poor district. There are a number of teen-age boys in the neighborhood, and a very enterprising individual by the name of Father Rinaldi has established a little trade school. He was able to acquire some woodworking equipment and some metal-working equipment, and various pieces of material, and had 225 teen-age boys learning those trades.

The boys were working very diligently, creating things; they were learning trades, and Father Rinaldi told me that he turned down 350 additional applications that fall and if he had the facilities and the equipment he could undoubtedly take care of thousands of boys.

I went to Temple University in Philadelphia.

Mr. McCORMACK. Who is the president of Temple University?

Mr. WARD. The president is Dr. Robert Johnson, who has had considerable Federal experience, by the way.

Mr. McCORMACK. An outstanding man.

Mr. WARD. Yes, he is; and he was in charge of the group that handled the Citizens' Report on the first Hoover report.

He told me that the Temple Dentistry School had reached the point where they either had to abandon it or something had to be done with it. It ranked as low as 57th out of 58 dentistry schools in the United States.

Dr. Johnson was able to acquire a building that had been a defense plant installation. I think in that case he got a 95-percent discount because of the public benefit involved, and was able to get some loans to finance the reconstruction of the building into a dentistry school.

Now it is one of the leading schools in the United States. It turns out several hundred graduates per year, a great many of whom go directly into the defense effort; and Dr. Johnson was certainly en-

thusiastic about the benefits that had been received and, conversely, he was indignant at the sales that were going on with such small returns to the taxpayers of the country.

Mr. McCORMACK. Without opportunity for the States and subdivisions and the educational and health institutions to have the opportunity of obtaining usable property.

Mr. WARD. That was his position. I think that was the general position of the people with whom I talked in 5 States.

There is a little college in Los Angeles, Calif., El Camino Junior College—I am sure the Congressmen from California are familiar with it. It is a 2-year college and has some 6,000 students. It started during the war period. It literally started from scratch by getting some surplus buildings. Some of them are still on the campus.

In some of those buildings are surplus typewriters where youngsters are learning to be typists and learning the stenographic trade. In other places they have metalworking equipment, welding equipment, and woodworking equipment.

One of the finest examples of utilization that I saw were some dilapidated refrigerators that Government agencies did not want. They had been taken into the shop; the boys had put new tubes, reconditioned the motor, had taken the cases and cleaned them and taken out the dents, had repainted them, put enamel on them, and they looked like new refrigerators. Then the refrigerators were used in the institution.

In a case like that, the refrigerator would bring a few dollars as scrap or salvage, but through the use of the equipment in training and the subsequent use of the equipment itself, it was worth not 50 percent or a hundred percent, but several hundred percent.

The University of California has a campus which is literally covered with surplus buildings, and the engineering shops and other shops are equipped with machine tools and material that come from Public Law 152 and prior programs.

The same thing is true at Columbus, Ohio, at the State university. At Waco, Tex., the same condition existed at Baylor University. The same situation exists in hundreds of places in the various States. Penn State University uses a great amount of surplus property, and in practically every one of those places one gets the same story, that they could not have carried on with the increased load and the decreased taxes without the help of this equipment which was made available to them.

Most of the people contacted took this position: The Federal Government is taking 70 percent of the tax base of the Nation. That tax money is coming from the school districts, the cities, the counties, and the States. Two-thirds or more of the tax is used by the Defense Department. The property does not belong to a Federal agency; it belongs to the people. It is paid for with the people's money. Therefore, the owning agencies, so called, are not owning agencies at all; they are custodial agencies.

Mr. McCORMACK. As the staff representative of the subcommittee of this committee, you went into five States. From your investigation and observations, have you found that the program as contemplated by Congress, the bill coming out of this committee in 1949, as amended in 1950, has been working to a satisfactory degree?

Mr. WARD. It was, Mr. Chairman, up until the time that this regulation of the Defense Department was put into effect.

Mr. McCORMACK. That is what I mean, prior to that.

Mr. WARD. Yes.

Mr. McCORMACK. And the benefits that those institutions or States and political subdivisions obtained were used in the public interest?

Mr. WARD. In my opinion, that is certainly correct.

Mr. McCORMACK. The governments of the several States have cooperated in this program through the appointment of State agents. They have different titles, but their job is to see that the institutions within the State, I assume, who desire and are seeking certain usable property, are advised where property might be available or to keep them informed in cooperation with the Government. Will you state just what that relationship is?

Mr. WARD. Well, in each State the organization is somewhat different, depending upon State laws and constitutions. But, in general, the States have designated an agency for surplus property. These people are close to the school and the health institutions. They know their needs and their requirements, generally.

They are also familiar with the Federal installations where surpluses will develop in their State and adjoining States. They find out the needs of the various institutions and in cooperation with the Department of Health, Education, and Welfare, which is the operating agency for the program, they endeavor to locate and place property that is useful and needed. Through the offices of the Department of Health, Education, and Welfare the property is allocated to the various institutions throughout the States.

I would like to add another thought, Mr. Chairman: That in many, many States school people indicated that they would like to have more musical instruments, for instance, or more athletic equipment for the benefit of their institutions; and it has been hard to get that kind of material.

However, there have been tremendous sales of these materials by the military departments. Those are things that are very useful in abating the current delinquency problem in the country.

Mr. McCORMACK. Well, there are so many things, desks, typewriters, any number of items that could be used in either a college, school, or hospital; that is true, is it not?

Mr. WARD. That is correct, there are thousands of items.

Mr. McCORMACK. I remember an X-ray machine was obtained for a hospital in Massachusetts. I remember contributing several years ago toward the obtaining of that, and it covers a very broad field.

Mr. WARD. Yes.

Mr. McCORMACK. Now, prior to the experiences of the procedure of the last year, were these State agencies given an opportunity of seeing the surplus property before it was disposed of?

Mr. WARD. Yes, they were; they had an opportunity. The surplus property lists were passed through the General Services Administration to the Department of Health, Education, and Welfare, and they would look them over as to whether property was useful and needed for the program.

Then those lists would be made available for the benefit of the various institutions, and if there were something available that was useful and needed, they had an opportunity to acquire it.

Mr. McCORMACK. Before it was sold?

Mr. WARD. Before it was sold.

Mr. McCORMACK. What is the procedure now?

Mr. WARD. The procedure now, under the stock-fund arrangement is this: When property is really excess at a given installation, that is, they do not need it any more and it is not needed within the military department, the General Services Administration has an opportunity to place it in Federal agencies. However, the property is sold if not needed by the Federal agencies. As far as the States are concerned, the only way they can acquire it is to attend the auctions where these tremendous sales are going on and bid on that property. It is not made available to them on a donation basis.

Mr. McCORMACK. In other words, they have to go into competition with those who are bidding?

Mr. WARD. They would in order to get it.

Mr. McCORMACK. And that is by reason of this act of 1950, and the orders issued within about a year ago as the result of that act; is that correct?

Mr. WARD. That is correct.

Mr. McCORMACK. Yes.

Is there anything further?

Mr. WARD. I do not believe so, Mr. Chairman. I believe that that covers the situation, unless you would like for me to make a section-by-section analysis.

Mr. McCORMACK. Well, you can do that in the record, without objection, and that can be done without taking up the time.

Is that agreeable to you, Mr. Jonas? I mean, is it agreeable as to the section-by-section analysis for the record, is that agreeable to you, Mr. Moss?

Mr. JONAS. Yes.

Mr. McCORMACK. Is it agreeable to you, Mr. Moss?

Mr. MOSS. Mr. Chairman, I would suggest that we have an elaboration by Mr. Ward on the comments on page 18 here, section 201 (c).

Mr. WARD. I would be very happy to do that.

Mr. McCORMACK. All right, Mr. Ward.

Mr. WARD. The Federal Property Act, Public Law 152, has a provision in section 201 (c) which contemplates that Federal agencies may trade in certain items of property when they want to acquire similar property. It is the same thing you do with your car, Congressman Moss. It is very broad authority.

Section 201 (c) was added for the purpose of getting property of a higher quality by trading in old material. The trade-in property is not considered to be excess property. Theoretically, it is property that would be used if not traded for better similar items.

However, within the last few years there have been tremendous sales all over the country of property purporting to come under section 201 (c).

That property is sold as it is not eligible either for the transfer to other Federal agencies, because it is not excess or surplus; and it is not considered eligible for donation under this program.

Mr. MOSS. There is no review at all to determine whether this property could be used by Federal agencies or within the—

Mr. WARD. That is my understanding, and it is not made eligible because, theoretically, it is not excess to needs. It is property that the holder presumably would use if not traded.

There have been millions of dollars worth of property sold under section 201 (c). In fact, there was a big sale at Davisville, R. I., this fall, of about \$5 million worth of equipment coming under section 201 (c). The receipts go into a special account of the agency, and it is to be used to buy additional property.

The law does require that there be a referencing between sales and purchases but, as I understand from General Accounting Office people, and they can elaborate on this, it is very, very difficult to reference all those transactions.

It really boils down pretty much to a sale of surplus property and conversion of receipts to a no-year appropriation.

Mr. MOSS. Would it be your opinion that that is stretching the intent of Congress considerably in the use of that section?

Mr. WARD. Absolutely, Congressman. I helped draft that legislation when I was in the Bureau of the Budget. It had a very good intent but, in my opinion, it has been terribly stretched.

Mr. McCORMACK. By the way, the Bureau of the Budget favored the 1949 bill, did they not?

Mr. WARD. Oh, yes.

Mr. McCORMACK. And the 1950 amendment?

Mr. WARD. Yes, they did.

Mr. McCORMACK. The 1949 and 1950 acts are both related acts?

Mr. WARD. Yes; they are related, and the reports were favorable; they concurred in the legislation. In fact, the 1949 act was drafted to a large extent by Budget Bureau staff in cooperation by the Federal Works Agency and other executive agencies.

Mr. McCORMACK. Is there any further observation, any further testimony, you want to give at this time, Mr. Ward?

Mr. WARD. I do not believe so, Congressman, unless someone wishes to ask me some questions.

Mr. McCORMACK. Are there any further questions, Mr. Moss?

Mr. MOSS. No further questions.

Mr. McCORMACK. Mr. Jonas?

Mr. JONAS. Yes, sir; I have 1 or 2, please, sir.

What is the section of the act under which the McNeil regulation was issued?

Mr. WARD. The McNeil regulation was issued under Public Law 216, Congressman, which was an amendment to the National Security Act of 1947. That is known as the 1949 amendment. The stock fund came under section 405 of Public Law 216. I believe there is a copy in your kit. I will get you one.

Mr. JONAS. What is the section?

Mr. WARD. 405 covers the stock fund.

Mr. JONAS. It was under this section 405, as I understand it, that the Defense Department issued regulation 7420.1?

Mr. WARD. That is right.

Mr. JONAS. And you contend that the regulation, while it may be authorized under this section 405, was not contemplated, or was not properly promulgated under this section; is that correct?

Mr. WARD. Well, my thought is, Congressman, that it was not intended to supersede the effect of Public Laws 152 and 754.

Mr. JONAS. You mean what was not intended to supersede Public Law 152?

Mr. WARD. No; the stock fund arrangement was not supposed to set aside the donable portion of the act. As a matter of fact, the Comptroller of the Department of Defense says that much himself in a letter to Mrs. Hobby, a letter dated April 9, 1954. That is on page 1681 of this hearing—I am sure you have a copy of it.

Mr. JONAS. Did you say 1588?

Mr. WARD. Page 1681. At the bottom of the page, appendix 13, it says:

I am in agreement with the view expressed in your letter that the enactment of section 405 of the National Security Act amendments of 1949 was without reference to and not in contemplation of section 203 (j) of the Federal Property and Administrative Services Act of 1949, authorizing the donation of surplus personal property for educational or public health purposes.

Mr. JONAS. Pardon me; since that sentence has been read in the record, would it not be better to put the entire letter of Mr. McNeil in the record at this point?

Mr. McCORMACK. So ordered.

Mr. JONAS. I have it here.

(The document referred to follows:)

DONABLE SURPLUS PROPERTY PROGRAM

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., April 9, 1954.

The honorable the SECRETARY OF HEALTH, EDUCATION, AND WELFARE.

DEAR MADAM SECRETARY: The Secretary of Defense has referred your letter of March 11, 1954, to me for answer.

I am in agreement with the view expressed in your letter that the enactment of section 405 of the National Security Act amendments of 1949 was without reference to and not in contemplation of section 203 (j) of the Federal Property and Administrative Services Act of 1949, authorizing the donation of surplus personal property for educational or public health purposes. Further, the Regulations Governing Stock Fund Operations which implemented section 405 of the National Security Act amendments of 1949 were issued without specific consideration of the effect they might have upon the donation program. Therefore it is obvious that there was no intent to deny the schools and health institutions of any benefits derived from the donation program and I am glad of the opportunity to examine this problem and see what can be done to improve the situation.

The Department of Defense is now conducting a vigorous campaign to rid the supply systems of the military departments of excess property. The authority contained in section 203 (j) of the Federal Property and Administrative Services Act of 1949 to donate surplus personal property for educational and public health purposes will be utilized wherever appropriate to speed disposition action and comply with the intent of the cited section. I assure you this policy will be followed for all property to the extent it is not in conflict with restrictions imposed by Congress.

Title IV of the amendments to the National Security Act of 1949 is clear and unambiguous in directing the Department of Defense to adopt businesslike methods to promote efficiency and economy of operations. Section 405 of title IV authorized the use of working capital funds to finance stores of materiel (referred to as "stock funds" in the Defense Department Regulations) and indicates clearly that such funds shall be reimbursed for materiel furnished therefrom. Based upon this legal requirement, Stock Fund Regulations establish the general principle that no property held by a stock fund shall be issued, transferred, or otherwise disposed of without consideration, thus providing the means for perpetuation or replenishment of the fund and maintaining its integrity. The ability to "revolve" from cash to inventory and back to cash is a fundamental characteristic of a stock fund. Section 804 of the Federal Property and Administrative Services Act of 1949 recognizes a "reimbursable fund" as an exception to

the provisions of title II with respect to proceeds from transfer or disposition of property. In an unpublished decision of August 3, 1950, the Comptroller General has held that working capital funds as authorized by section 405 of the National Security Act amendments of 1949 fall within the classification of a "reimbursable fund" and that proceeds from the sale of property held by such fund may be credited thereto. Therefore it seems clear that the provisions of the cited regulations are in conformity with the requirements of the law under which stock funds were authorized.

I believe it is consistent with good business principles and not in conflict with section 405 of the National Security Act amendments to authorize the donation of surplus property to public bodies if there is no commercial value for sale of such property or if the estimated cost of continued care and handling would exceed the estimated proceeds from its sale. Therefore, I am initiating an amendment to the stock fund regulations which will authorize such action. This same amendment will also provide that used property returned from using activities as being excess to current needs will not be taken up in the stock fund of a military department if it has been determined that there is no requirement for such property by the department, or that such property is unserviceable or is not economically repairable. Such property then would become available for the donation program after, of course, conforming to established excess and surplus property disposal procedures.

Under procedures which are understood to be compatible with the last described section of the proposed amendment, the Defense Supply Service (which operates the smallest of the Department of Defense stock funds) made donations to schools through your department amounting to approximately \$217,00 in acquisition value between July 1, 1953, and February 1, 1954. Under similar procedures the Navy, which operates a stock fund encompassing about 90 percent of the common-use standard-stock items, donated over \$6,926,000 in property to educational and public health programs allocated by your department in the first two quarters of the current fiscal year. It would appear from these two examples that the extension of such procedures to other stock fund operations will largely eliminate the problem.

Because of the interest she has expressed in this subject, I am furnishing a copy of this letter to the Chairman of the Intergovernmental Relations Subcommittee of the Committee on Government Operations.

Sincerely,

W. J. McNEIL,
Assistant Secretary of Defense.

Mr. JONAS. I was concerned about your testimony that these sales resulted in a return of approximately 5 percent.

Mr. WARD. Yes.

Mr. JONAS. Is it not true that in order to understand that, though, you have to know what sort of property was being sold? Have you analyzed these lists of sales that you have reported here as, say, \$9 million worth of property sold for \$527,000 at an average return of 5.5 percent?

Mr. WARD. Yes, I have looked over a great many of them. Here is a pile of them, for instance, Congressman. They involve all kinds of personal property, trucks, planes, there are literally millions of items that the military agencies have.

Mr. JONAS. Well, the details show that the vehicles averaged 16 percent.

Mr. WARD. That is right.

Mr. JONAS. I would assume that at any sale a vehicle would bring a fair market price, that is, if sufficient advertising has been given, and people are aware of the sales being conducted; is that not true?

Mr. WARD. Well, I imagine that that is a fair approximation of what they get for vehicles.

Mr. JONAS. I am just wondering if you analyzed the type of property that was included to see how much, if any, of it would be really usable by an educational institution.

Mr. WARD. Well, for the benefit of the committee, I asked some of the people in the District of Columbia and from the various States who are dealing with this problem to go through a list of a hundred or so of these sales so that you could see the type of property usable for educational and health purposes, and they have marked those. That was a hundred out of several hundred that have been made the last year or so. Maybe you would like to take a look yourself and see the things that are marked.

Mr. JONAS. I would like to. I will not hold up the committee.

Mr. WARD. We will pass them around to the different members.

Mr. JONAS. I do not think the chairman would care to go into it now, and neither do I think we should, but I am glad to know they are available.

Mr. McCORMACK. Then, are there items in there that could be used?

Mr. WARD. Yes sir, numerous items; they are marked.

Mr. JONAS. I assume, however, that the Government owns a lot of surplus material and property that educational institutions would have no use for, either.

Mr. WARD. Oh, yes; that is so. As a matter of fact, Congressman, the program has only been taking 5 or 6 percent of the surplus that is available. But you will find in these sales that there are such items as nails, screws, bolts, and paint, and most anything that you can think of. Here is one that the representative from the District of Columbia says contains badly-needed items for educational and health purposes.

Mr. JONAS. May I ask this question: In these sales that have been held, have you found any evidence that there has been any effort to reduce bidding or conduct these sales without due notice of advertisement to the institutions that are interested in the property; were they prevented from bidding on this property at the sales themselves?

Mr. WARD. If they had budgets available and knew when sales were coming up, they could go and bid, I suppose, with the others. But the school people and the health people contend that they do not have money available.

There will be some representatives of schools and hospitals testifying, and you can ask them as to their particular situations.

Mr. JONAS. Of course, I assume that anybody who is running an institution would be glad to have this property given to it, but I was asking the question, which would not indicate any opposition to this bill, but I want to get the facts as to how these sales have been conducted, and whether there has been any effort that you have discovered to reduce bidding.

Mr. WARD. No, I do not think so. Some of the sales, Mr. Congressman, have been by written bids, and some have been by auction, and the piles or lots of property are put out that people may inspect them.

One of the difficulties is that the lots are too large for an ordinary school or hospital to bid on. Because of the tremendous quantities of property to be disposed of, the lots are usually large.

This disposal program runs into a billion or more dollars a year and the lots are so large that the people tell me it is impossible for small buyers to bid on a whole lot.

Mr. JONAS. The reason I ask that question, I would assume that if you have got a bunch of equipment there worth \$10 million or \$9.5 million, and it only brought \$500,000, some institutions could have

pooled their resources and bought it in, and made a lot of money on it; could they not?

Mr. WARD. I do not know whether they could.

Mr. JONAS. Do you think the property in the illustration that you gave us was actually worth \$9.5 million, that sold for \$500,000?

Mr. WARD. I tried to make clear that that was the acquisition cost, and acquisition cost can be very misleading.

Mr. JONAS. Do you have any figures that will indicate the acquisition costs of the amount of property we are dealing with here? How much property is owned by the Government now, personal property?

Mr. WARD. Well, that is a difficult question. But, Mr. Pearson, the Assistant Director of the Budget, and Mr. Earl Johnson, who was the Under Secretary of the Army, testified before the Riehlman committee at the last session that the Army had about \$35 billion in inventory in the United States, and approximately \$17 billion overseas, and that the Navy had about \$13 billion. They did not give figures for the Air Force.

Now, in connection with the—

Mr. JONAS. Pardon me.

Mr. WARD. Yes.

Mr. JONAS. Did he indicate whether that was surplus property?

Mr. WARD. No, not all of it was surplus, of course. He indicated he thought about \$4 billion, as I recall the figures, would be in that category. But Mr. Johnson made this very important statement: That the Army was spending from \$400 to \$600 million a year in research and development. If that work was successful, a great deal of property in inventory would become obsolete and useless. The intent of the testimony was to show the scope of this program, and it was going to be continuing for some years to come on a billion-dollar per year basis.

If I may add one other thought. In connection with the 1953 appropriations hearings, Admiral Fox, the Chief of Naval Materiel, testified that the three services had capital assets—that is property of all different kinds, including these inventories—of \$143 billion.

Mr. JONAS. \$143 billion?

Mr. WARD. \$143 billion.

Mr. Pearson of the Budget Bureau is going to testify, and he is very well informed on the situation in the Army.

Mr. JONAS. In your analysis of this current legislation we are considering which, in effect, amends the basic act again, how much supervision would be required, I mean overhead? I have been under the impression that it costs an awful lot of money just to give this property away. Is that true? Is there much redtape involved, and if there is, how much?

Mr. WARD. In this staff report it is indicated that the budget of the Department of Health, Education, and Welfare is in the neighborhood of \$400,000 or \$500,000 a year for this program; is that correct, Mr. Secretary? \$400,000.

They have a small staff in Washington, the Department of Health, Education, and Welfare, and they have some regional offices.

Mr. JONAS. Well, that does not even involve—I mean, does not even include the cost to the States?

Mr. WARD. No, it does not.

Mr. JONAS. That would be in addition to that?

Mr. WARD. That would be in addition, and those figures are not available; they have never been compiled, to my knowledge, as to what the States are paying.

Mr. JONAS. Why would it require such a big staff to give this property away, if they decided to donate it?

Mr. WARD. Under this bill, Congressman, I do not believe that it would. One of the problems in this program has been the problem of compliance.

In other words, when property is donated to an institution should the Federal Government follow up for an indefinite period of time to see that it is being used, or that it has not been traded in, or otherwise disposed of?

With literally thousands of donee institutions throughout the country receiving thousands and thousands of items of various kinds, if the Federal Government is going to keep strings attached to all of those items of property and come around 2 or 3 years after it is donated and say, "I want to see that typewriter or that chair or that desk," it is going to cost a great deal of money.

That points to one of the differences of opinion between some of the agencies, the extent of compliance.

Mr. JONAS. Were the efforts to force compliance until this regulation was issued that extensive? Did we have—

Mr. WARD. I do not think this regulation affected the compliance problem.

Mr. JONAS. Well, it practically ended the program.

Mr. WARD. Oh, no; it has not ended the program. It has just decreased the amount that has been made available. In fact, because of the greatly accelerated disposal program in the last few years, in a number of places, the States have been receiving more property than they did before this big clean sweep took place.

Mr. JONAS. I beg your pardon; I understood you to say that the promulgation of this regulation has practically brought this program to a standstill.

Mr. WARD. No, I did not mean to say that.

Mr. JONAS. Well, since the regulation has been in effect, can you give us any figures indicating the dollar amount of property that has been donated?

Mr. WARD. I do not know whether I have that immediately available or not. I can get it for you and put it in the record. The information is as follows: Acquisition cost of approved donations of personal property, \$108,353,530; acquisition cost of real property transferred, \$10,430,048.

Mr. JONAS. I do not think the dollars are important. What I am interested in—and I think you have already answered that when you said you did not think it brought the program to a standstill, but it has gone on—that is what I am interested in.

Mr. WARD. May I explain it this way: The military agencies, with all these billions of dollars of property in their depots were confronted with the situation of either cleaning a lot of the material out of the depots or building more depots to house additional property coming out of the mobilization effort since Korea.

So a tremendous program has been under way to unblock the depots, as they call it, to reduce inventory, get rid of obsolete and broken

material, and so there has been a greatly accelerated program of disposal in the last 2 years.

But there has also been a great deal of property not made available to the school and the health institutions because of the effect of this regulation.

Mr. JONAS. Can you explain that stock-funding arrangement in just ordinary language?

Mr. WARD. I will try to.

Mr. JONAS. Without putting the text of the regulation in the record.

Mr. WARD. Well, it means, in effect, the establishment a working capital fund.

Mr. JONAS. The Defense Department?

Mr. WARD. The Defense Department. It is permitted, where it thinks that economy and more business-like methods will result, to take appropriations that are available, and stock that is available, and set up a sort of corporation known as a stock fund.

Then, the accounting theory is that the integrity of the stock fund must be kept. It should be kept intact. Stock is sold to using agencies and the money returned to the stock fund which thus revolves.

Mr. JONAS. Well, do you think this was a good arrangement to create this stock fund?

Mr. WARD. Congressman Jonas, I think there are some cases, from my own experience, where stock funds are justified. I think there are a great many cases where they are not justified.

Mr. JONAS. All, in effect, it amounted to, did it not, was that they were capitalizing the personal property they had on hand and putting a value on it.

Mr. WARD. That was the intent of it.

Mr. JONAS. As a business or an industry would do.

Mr. WARD. They were not, however, prohibited by the statute from making excess property donable. That was a matter of volition rather than a mandatory requirement.

Mr. JONAS. You mean before they created the stock fund, they should have distinguished between what property was surplus and what should have gone into the fund?

Mr. WARD. I would think that was one step that might have been taken, to capitalize only what was needed. But even after it had been capitalized there was no legal prohibition against the donation of excesses to schools and hospitals. They write off 90 percent or something like that anyway.

Mr. JONAS. You mean that you think that the Defense Department, once it has capitalized X items of property can, with a bookkeeping entry, remove that property from the capitalization created, and call it surplus and make it donable?

Mr. WARD. Yes, that is my opinion, and I received an informal opinion to that effect from the General Accounting Office.

Mr. JONAS. The thing that worries me a little bit about it—and, Mr. Chairman, I preface this by saying I have not prejudged this matter and I do not want you to assume from my questions that I am opposed to the legislation; I am just trying to find out a little more than I know about it—are you satisfied that under the arrangement that existed before this regulation was promulgated that any agency

can make a fair and equitable distribution of this property? Now what about the many educational institutions that are operated by denominations and private institutions that are engaged in educational work; are they eligible for some of this property, too?

Mr. WARD. Generally, they are, yes.

Mr. JONAS. What about other institutions than educational institutions, such as homes for the aged, and things of that sort; is that sort of institution eligible?

Mr. WARD. Yes, they receive property—I would like to have Mr. Frazier from the Department of Health, Education, and Welfare answer that, if he would.

Mr. FRAZIER. Sir, the present law designates eight types of institutions eligible to receive personal property. These eight institutions are schools, school systems, colleges, universities, hospitals, medical institutions, health centers, and clinics. They may either be tax-supported or tax-exempt under 101 of the Internal Revenue Code.

Mr. JONAS. That would mean they would have to be operated as nonprofit institutions?

Mr. FRAZIER. Yes.

Mr. JONAS. Has there been any contest between the States to see if they could share equitably or ratably in this property or has there been sort of a hit-or-miss program? I was interested in the comment that Mr. Lipscomb made that his State has received \$90 million worth of property under this program.

Mr. WARD. There is a list that you have showing what the various States have received.

Mr. MOSS. That, incidentally, is personal property, \$98 million for California; there is a total of \$152 million if you include real property.

Mr. WARD. That, of course, is one of the prime functions of the Department of Health, Education, and Welfare, to determine use and need and to make allocations amongst the States; and I have found a fine degree of cooperation as between the various States with respect to this.

Mr. JONAS. You mean the Department of Health, Education, and Welfare makes a determination of need, and has the authority to allocate on that basis?

Mr. WARD. That is right. It is their function. It is not turned over to the States to decide. HEW allocates the property between the States.

Mr. JONAS. You mean then that a determination would be that X State, being less well off financially than Y State on some formula would receive more property or be eligible for more property?

Mr. WARD. It is based on need. Of course, proximity has a lot to do with it. There are many installations—

Mr. JONAS. That gets away from your theory which you advanced that since the Federal Government had absorbed 70 percent of the tax base that left the States with not enough taxable property to operate the school systems, and so forth, does it not?

Mr. WARD. I do not believe so. There is only 30 percent left for all State and local purposes.

Mr. JONAS. But I mean, you collect more taxes from X State than Y State, but Y State being poorer than X State, Y State gets more property. You do not allocate it to the people who pay the taxes.

to meet one of the theories you advanced, which was that since the property belongs to the people it ought to go back to them.

Mr. WARD. Well, take the State of California, which has been a large recipient. They contend, maybe rightly, I do not know, that because of the great influx of population that has taken place there they are worse off than before even considering the property they receive. But at least that is the function of the Department of Health, Education, and Welfare, to try to make an equitable distribution.

Mr. JONAS. On the basis of need?

Mr. WARD. On the basis of use and need; that is what the law says.

Mr. McCORMACK. Is that correct, substantially?

Mr. FRAZIER. Yes, sir. Of course, there are several other factors that enter into our determinations, other than the economic matter. Need for educational equipment, for example, may be greater where a State has more vocational schools than some other States; so that need is not based entirely on economics. We do have formulas established on the basis of population that we try to follow.

Mr. JONAS. Do you take into consideration what efforts the States themselves have made in making provision for their own people?

Mr. FRAZIER. Yes, sir. Of course, the more aggressive States receive more property because of their own efforts.

Mr. JONAS. Pardon me, I do not understand it. You mean that an aggressive State will come out better than a State that may be in greater need but shows less aggressiveness?

Mr. FRAZIER. Yes, sir; and in connection with the location of the property there again the economics of transportation enter into it. There is no inherent right in a State because of the location of the property in that State.

However, if it is not economically feasible to transport a desk or a chair to another State, then it would be more readily available to the State in which the property is located.

Mr. JONAS. You mean the cost of transportation might exceed the value of the property?

Mr. FRAZIER. Yes, sir.

Mr. JONAS. Or be disproportionate to it.

I would like to pursue that point one step further, if I may. You are Mr. Frazier, are you not?

Mr. FRAZIER. Yes, sir.

Mr. JONAS. Do you mean that States which are on the ball and are constantly after the Department to obtain more property fare better in allocations?

Mr. FRAZIER. Sir, the State agencies vary considerably in the size of the operation; and one State, for example, there are some 50 people employed full time in this program. In other States there would be the assistant superintendent of schools doing it, performing the operation, as a part-time activity.

It has been one of our problems to try to get the States to set up agencies that are capable of operating the program the way it should be.

Now, in those States that are short on personnel, we might say, they do not pick up the property or do not ask for the property because they do not have time or facilities to handle it.

Mr. JONAS. How many States would you say are very active and have been in this program, or to put it the other way, how many have not shown any interest in this program?

Mr. FRAZIER. Well, at the present time there are three that have no agencies whatsoever.

Mr. JONAS. Have they received any property under the program?

Mr. FRAZIER. Yes, sir, in previous years, and they are now receiving some through individual institutions, but not through the agencies themselves.

Mr. JONAS. Would it be fair to say that the Department helps those that help themselves then to a certain extent in this program?

Mr. FRAZIER. Well, we try, of course, to be just as equitable as we can, but there are other factors that enter into it that will not permit us to have the exact percentage of allocation.

Mr. McCORMACK. But the opportunity exists for all the States to take advantage of the program?

Mr. FRAZIER. Sir?

Mr. McCORMACK. The opportunity exists for all the States?

Mr. FRAZIER. Yes, sir; the opportunity is there, but there are some of the States that just do not realize the benefits of the program.

Mr. Moss. Mr. Chairman, if I may ask a question of Mr. Frazier: Mr. Frazier, you would not imply that when you were talking about an aggressive State that you would continue to channel property to those States unless they were using it in their program, showing that they were utilizing it beneficially?

Mr. FRAZIER. No, sir. All of the property, of course, is allocated on the basis of need, and the need is mounting daily with the increase in school population, and I am sure that there is no State that is saturated with property nor would that point be reached for many years.

Mr. Moss. Mr. Chairman, I had one question that I would like to ask of Mr. Ward.

I notice that the letter addressed to the Secretary of Health, Education, and Welfare, under date of April 9, 1954, from Mr. McNeil, Assistant Secretary of Defense, states:

Therefore, I am initiating an amendment to the stock-fund regulations which will authorize such action—

such action being a more liberal use of the donable surplus program as it applies to capitalized stocks or inventories, and I am interested in finding out whether or not those regulations have been issued, and if they have, what effect have they had on the program.

Mr. WARD. Congressman Moss, it is my understanding that they have not been issued, that there has not been agreement between the agencies involved in the program.

They have been studying the problem, they have been having innumerable meetings, but as of today they have not come to a position on it.

Some of the folks from the various departments will be testifying, and they can tell you the current status of their attempts to get some modification in this regulation.

Mr. Moss. You would take it then, whatever Mr. McNeil had in mind at the moment of writing the letter, has been abandoned or has been studied for the past 10 months?

Mr. WARD. It was not acceptable to the other agencies; that would be my opinion, because nothing has come to the committee indicating that a policy determination has been issued or a new position developed.

As a matter of fact, on two different occasions previously the committee has asked the Bureau of the Budget for the executive position, and to date there apparently has not been agreement among the several agencies affected.

Mr. Moss. I would like to have some clarification on one of the questions asked by Mr. Jonas as to whether or not it would be advisable to classify these inventories prior to the time of capitalization. Isn't that a determination which would have to be on a continuing basis? As it was determined that portions of inventory were surplus to the needs of the Department, they would then determine whether or not the surplus would be placed under the donable program or whether it would be offered for sale under the capital-fund program?

Mr. WARD. I think that it makes a big problem when it is decided, for instance, to capitalize clothing. Let me give you an illustration.

Testimony before the Appropriations Committee a year ago indicated that the Army had \$1,045 million worth of clothing and equipage. That is one class of property. With proper management they probably could get along with \$200 million worth. In other words, that would be a reduction of \$845 million in 1 class, in 1 department.

But to pick out what is excess at a given time is a tremendous job.

The property is in depots—well, the Army had 73 depots. They do not all have clothing, but they have depots all over the country. It is a tremendous job to analyze inventories and I presume it has been found expedient to throw it all into the capitalization, and then as time goes on to identify and declare the excesses.

Mr. Moss. That is all, Mr. Chairman.

Mr. McCORMACK. Any other questions?

The Chair, at this time, without objection, will insert in the record telegrams received from Governor Hall of Kansas, Governor Williams of Michigan, Governor Herter of Massachusetts, Governor Russell of Nevada, Governor Muskie of Maine, and a letter from Governor Marland of West Virginia in support of the bill and the continuance of the program.

(The documents referred to follow:)

TOPEKA, KANS., February 14, 1955.

JOHN W. McCORMACK,
Chairman, Special Subcommittee.
Old House Office Building:

Impossible to have representative present for subcommittee Donable Property hearing. Federal Surplus Property program has been of great benefit to educational and mental health programs in Kansas. Strongly urge continuation of program and assure cooperation for any improvement.

FRED HALL,
Governor of Kansas.

LANSING, MICH., February 14, 1955.

Hon. JOHN W. McCORMACK,
Chairman, Special Subcommittee, Government Operations,
Old House Office Building:

Regarding your telegram on donable property of February 10, on February 8, I wired all Members of Congress from Michigan as follows: "Strongly urge support of H. R. 3322, prohibiting sale of surplus property until first offered to States

for education and public health purposes. Bill now in Committee on Government Operations. Surplus property program has played important part in expansion of education and health facilities vital to Michigan." Michigan vitally interested in the removal of current restrictions that will increase surplus property for education and health purposes. Michigan is handicapped through lack of military supply depots in the State and recent sales of surplus have decreased quantities available to us by 35 percent. Michigan received only average of \$720,000 per year for last 2 years which is much below proportionate share on population basis.

Records indicate diversion to stock fund has resulted in sale of choice property, balance being offered as junk. Michigan's educational and health needs are expanding rapidly. Usable surplus property is important to help satisfy these requirements.

G. MENNEN WILLIAMS,
Governor of Michigan.

BOSTON, MASS., February 14, 1955.

HON. JOHN W. McCORMACK,
*Chairman, Special Subcommittee on Donable Property,
House Committee on Government Operations,
Old House Office Building, Washington, D. C.:*

Thanks your wire re hearings on H. R. 3322. It is my strong conviction that Federal surplus property suitable for use by health and educational institution should be made more accessible to the State. Consequently, I endorse principles of H. R. 3322 and hope this bill becomes law. I appreciate your kind invitation to be represented at hearings and am asking Robert F. Nolan, supervisor, Massachusetts State agency for surplus property, to represent Massachusetts by attending hearings and holding himself available to testify before your specil subcommittee if necessary.

CHRISTIAN A. HERTER,
Governor of Massachusetts.

CARSON CITY, NEV., February 14, 1955.

JOHN W. McCORMACK,
*Chairman, Special Subecommittee,
Old House Office Building, Washington, D. C.:*

Favor donable program under H. R. 3322 on much broader expanded basis so property could be made available all State agencies, cities, municipalities, and counties instead merely educational and health agencies. Nevada almost daily rejects property which could be used by political subdivisions other than health and education.

Kindest regards,

CHARLES H. RUSSELL,
Governor of Nevada.

AUGUSTA, MAINE, February 11, 1955.

STAFF DIRECTOR,
Old House Office Building, Washington, D. C.:

I give my heartiest endorsement to Congressman McCormack's bill H. R. 3322. Changes recommended in surplus property program would prove most beneficial for educational and health programs in our State.

EDMUND S. MUSKIE,
Governor of Maine.

STATE OF WEST VIRGINIA,
EXECUTIVE DEPARTMENT,
Charleston, February 3, 1955.

HON. JOHN W. McCORMACK,
*Majority Leader, House of Representatives,
Washington, D. C.*

DEAR MR. McCORMACK: As Governor of the State of West Virginia I wish to express, on behalf of the educational and public-health institutions, our sincere appreciation of your advice, counsel, and support in sponsoring legislation to

improve the administration of the program for utilization of surplus property for the benefit of public health and education.

The value of this program to our schools and hospitals is inestimable. It has the 100-percent support of every school and public health administrator in the State. They feel that its underlying philosophy is sound, since under its operation property surplus to the needs of our Government is returned to and utilized by the original purchaser—the taxpayer.

In view of shrinking sources of taxation and the increasing demands in other fields of Government responsibility, such as welfare and roads, it is difficult to overestimate the boon this program is to the schools and public-health institutions of our State.

It is our sincere hope that pending legislation to improve and expand the program will receive the wholehearted support of every member of your honorable body.

Thanking you for your active interest and continued support of the program, I am,

Sincerely,

WILLIAM C. MARLAND, *Governor.*

Mr. LIPSCOMB. Mr. Chairman, could I have consent to introduce in the record a letter from the superintendent of public instruction of the State of California?

Mr. McCORMACK. Without objection, so ordered.

(The document referred to follows:)

STATE OF CALIFORNIA,
DEPARTMENT OF EDUCATION,
Sacramento, October 25, 1954.

Hon. GLENARD P. LIPSCOMB,
House of Representatives,
Washington, D. C.

DEAR MR. LIPSCOMB: This letter is being written concerning the problem which is affecting the State of California in connection with section 203 (j) of Public Law 152, as amended, which provides for the donation of personal property, which is surplus to the needs of the Federal Government, to educational and health institutions before it is placed on sale.

On February 1, 1954, the Department of Defense issued Regulation No. 7420.1 which sets up stock-fund accounts and provides that the property assigned to the stock-fund accounts must be sold in order that the accounts be reimbursed. The regulation further states that such property cannot be donated. This regulation is directly in conflict with section 203 (j) of Public Law 152.

Regulation No. 7420.1 was first applied to the Quartermaster Corps of the Army at the depot level, and since that time, it has been extended to the Medical Corps, the Engineer Corps, the Signal Corps and to the Navy. It is the intention of the Department of Defense to eventually extend this regulation to all branches of the military service.

Section 405 of the National Security Act, as amended, authorizes the Secretary of Defense to require the establishment of working capital fund in the Department of Defense for the purpose of financing inventory of such stores, supplies, materials, and equipment as they may designate. Research which has been done in reviewing the hearings of this act makes no mention that property which is surplus to the needs of the Department of Defense cannot be donated.

During the past several months working with the Department of Health, Education, and Welfare, attempts have been made to have this regulation amended so that stock-fund property, which is usable and needed by Health and Education, may continue to be donated. As of this date, these attempts have been unsuccessful.

The stock-fund regulation is seriously affecting the donation program in California, and over a period of the next several months, unless this regulation is amended, will greatly curtail this program. As an example of what is happening, attached is a catalog announcing a sale of surplus property to be held in Stockton, Calif., on October 25 and 26. Checked off in red pencil are items of equipment and supplies which are badly needed by schools, colleges, and universities and public health institutions in California. None of this property is available under the donation program as it has been classified as stock-fund property and must be sold.

Schools, colleges, and public health institutions in California on July 1, 1946, through June 30, 1954, have received personal property through the donation program totaling \$90,533,902. I am sure you realize due to the unprecedented increase of school population in California during the past several years that the property received through the donation program has been of an inestimable value. Furthermore, there is still a continuing need for property.

It is our interpretation that it was the intent of Congress through Public Law 152 to provide for donation to Health and Education of those properties that were surplus to Federal Government needs. Regulation No. 7420.1 places limitation on the donation program and withholds from Health and Education large amounts of needed property. We further feel that an amendment of Regulation No. 7420.1 would be consistent with congressional intent and urge your attention to the achievement of such an amendment. Any efforts on your part to this end will be greatly appreciated.

Sincerely yours,

ROY E. SIMPSON.

Mr. McCORMACK. Mr. Barry, are you ready to testify now?

Mr. YOUNGER (Member of the House of Representatives from the Ninth Congressional District of the State of California). Mr. Chairman, may I have the privilege of inserting into the record three letters?

Mr. McCORMACK. I would be very happy to.

Without objection, so ordered.

(The letters referred to follow :)

MENLO PARK ELEMENTARY SCHOOL DISTRICT,
Menlo Park, Calif., February 11, 1955.

HON. J. ARTHUR YOUNGER,
United States House of Representatives,
Washington, D. C.

DEAR MR. YOUNGER: The board of education of this district urges your support of H. R. 3322 which will continue the surplus property program.

We are firmly convinced that this program has been of inestimable value to public education. It appears logical to us that surplus property having been paid for by the taxpayer should be returned for use by the taxpayer through the taxpayer's most representative public agency—the public schools.

Your favorable consideration of this legislation will be appreciated.

Very sincerely yours,

BOARD OF EDUCATION,
MELVILLE J. HOMFELD,
Secretary to the Board.

SERRA HIGH SCHOOL,
San Mateo, Calif., February 10, 1955.

HON. J. ARTHUR YOUNGER,
House of Representatives,
Washington, D. C.

DEAR MR. YOUNGER: I understand that Mr. McCormack, Congressman from Massachusetts, introduced H. R. 3322 and Senator McClellan of Arkansas introduced S. 1004, an identical bill. I believe these have to do with the Federal Property and Administrative Services Act of 1949, Public Law 152.

In the past I have been able to purchase goods available only to schools at a great saving from the State educational agency for surplus property. As a school administrator I am most anxious to be able to do so in the future. May I enlist your aid to see that this practice continues?

We expect to enter our new school next September. I am enclosing an artist's picture of what it should look like when finished.

Sincerely,

REV. EDWARD R. ALLEN, *Principal.*

MENLO SCHOOL AND COLLEGE,
Menlo Park, Calif., February 11, 1955.

Hon. J. ARTHUR YOUNGER,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN: I refer to my letter of November 1, 1954, to President Eisenhower and to your letter to me of November 8, 1954, dealing with the matter of Department of Defense program of stock funds.

It has now come to our attention that there have now been introduced S. 1004 and H. R. 3322, both aimed at the objective of improving the administration of the program for the utilization of surplus property for educational and public health purposes by amending Public Law No. 152 of 1949.

For the reasons expressed in my letter of November 1 to President Eisenhower, I ask on behalf of Menlo School and Menlo College that you support this new legislation. The need of both the private and public educational institutions of the Nation for property deemed to be surplus to the needs of the Department of Defense is well established, and I feel sure you will agree that this legislation warrants your active support.

Sincerely yours,

WILLIAM E. KRATT, *President.*

Mr. Moss (presiding). Mr. Barry, would you give your name and whom you represent?

STATEMENT OF L. K. BARRY, DIRECTOR, TEXAS SURPLUS PROPERTY AGENCY

Mr. BARRY. Yes, sir.

My name is L. K. Barry. I am director of the Texas Surplus Property Agency, and have been for the past 8 years.

I am president and also chairman of the National Association of State Agencies for Surplus Property, which has 51 members in the various States and Territories.

I have prepared a statement in writing here to keep me from getting off the track, but before I get into that, I would like to clarify one point that Mr. Jonas brought up, and that is about the damage that the stock-funding regulation and the mandatory sales thereunder are doing to the program.

Now, initially the stock-funding concept extended to the depots only, of which we have, for instance, two in Texas, but at the same time we have some very large military installations, so we have been continuing to get a lot of property.

Now, the stock-funding concept is extending to posts, camps, and stations, and it is merely a matter of months, and perhaps a few short months, until the stock-funding concept and the mandatory sales thereunder will practically close down the program for all intents and purposes. It is a creeping paralysis, and we have begun to feel the very serious effect of it in Texas, although we are still getting a lot of property.

First, I want to submit for the record a statement from the National Association of State Agencies for Surplus Property as to the need for amending sections 203 (j) and (k) of Public Law 152, 81st Congress.

Mr. Moss. If there is no objection, the statement will be inserted in the record.

(The prepared statement and letter dated February 14, 1955, follow:)

STATEMENT FROM THE NATIONAL ASSOCIATION, STATE AGENCIES FOR SURPLUS PROPERTY

INTRODUCTION

Since the enactment of sections 203 (j) and (k) of Public Law 152, 81st Congress, approved June 30, 1949 (63 Stat. 377, as amended), there have been no basic changes affecting the transfer of Federal surplus personal or real property to eligible educational institutions or surplus real property to health institutions. Section 4 of Public Law 754, 81st Congress, approved September 5, 1950 (64 Stat. 578, as amended), changed section 203 (j) of the organic act by providing for the transfer of surplus personal property to public health institutions.

State agencies administering the program resulting from these acts note that various Federal departments and agencies, apparently basing their action upon their own interpretations of the amended organic act and/or other statutes, have, from time to time, established policies and issued regulations and directives which have reduced the flow or stopped the transfer of certain classes and types of surplus property to educational and health institutions. An example of such conflicting directive is 7420.1 by the Department of Defense, February 1, 1954, directing that stock fund surplus property be sold to supplement funds appropriated by Congress. Under this directive surplus property in, or transferred to, stock fund accounts is not available for distribution to these institutions.

The United States Department of Health, Education, and Welfare, interpreting amended Public Law 152 as giving the Department authority to enforce remedial action or so-called compliance responsibilities on personal property for a period of 4 years from date of acceptance by the transferee, has issued regulations which impose upon the Federal, State, and the local institution costly and impractical restrictions. Since the enforcement of compliance was assigned by law to the Department only in respect to real property, the legality of its application to personal property seems questionable. Undue emphasis on certain facets of compliance activities increases the administrative and financial burdens of Federal and State agencies, reduces the number of organizations interested in accepting property under these conditions, and decreases the public benefits that accrue from using such property.

The impact resulting from these conditions reduces, redirects, and deemphasizes further utilization of surplus property by educational and health institutions. It is believed that some changes in this act are necessary to stabilize the program, avoid contradictory policies, rules, regulations, and directives, and clarify the intent of Congress.

RECOMMENDATIONS

After being associated with the surplus-property program for 9 years, the member States of the National Association of State Agencies for Surplus Property believe the following recommendations should be considered by the Congress and that amended Public Law 152 should be further amended so—

1. That the intent of Congress be clarified by specifically stating in an appropriate section of this act that all property no longer needed for Federal utilization be made available to meet educational and public-health needs prior to disposal by any other means;

2. That provision be made in this act for a joint Federal-State "cooperative agreement" section; such section permitting the several States to have equal authority with the appropriate Federal agency in the administration and operation of the program which makes real and personal property available to education and health; and

3. That clear title to personal property and to off-site real property, transferred to education and public health under this act, and all prior acts, shall pass when the eligible institution takes possession of the property and places it in use.

JUSTIFICATIONS

Since it is evident that Congress apparently intended, by the wording of section 203 (j) and (k), and substantiated again in Public Law 754, amending section (j), that all property surplus to the needs of the Federal Government be made available for further utilization by educational and health institutions prior to disposal by any other means, it seems logical that Congress should clarify its intentions.

Proper language in section 2 would prevent misinterpretations and Federal departments and agencies would avoid issuing policies, rules, regulations, and directives which deprive institutions of the public benefits apparently intended by the Congress.

State agencies are now required to sign various instruments of conveyance by the Department of Health, Education, and Welfare which holds them responsible for inspecting, screening, transporting, receiving, accounting for, holding, maintaining, distributing, and carrying out compliance functions on personal property and which requires them to prosecute to completion remedial actions for certain classifications of off-site real property. It is impossible for States to amend their laws to keep pace with the appearance of new or revised instruments.

The Department interprets this act as exclusively and independently directing them: (a) to make available to local institutions on-site real property and (b) to reform, correct, or amend any breach committed by an institution now in the possession of this type of property.

Efficiency and economy in any program result from experience based on a practical approach. The responsibilities of the State agencies should be: (a) determining which educational and health institutions are eligible; (b) inspecting, screening, and approving for transfer real and personal property for the purpose of determining whether such property is needed and usable by eligible institutions; (c) to effect, after Federal allocation, and due notice on real property, transfer of real property and intrastate redistribution of personal property at the lowest possible cost; (d) periodically inspect, report on, and assist in the correction of breaches on land contracts; and (e) to require that all property be used in education and health programs.

The responsibilities of the Department of Health, Education, and Welfare should include: (a) maintaining liaison with all Federal departments and agencies to assure that all property is made available for screening; (b) cooperating with State agencies in determining what is usable and necessary; (c) assigning necessary personnel to assist in screening at points of large concentration of property; (d) allocating available property to effect a fair and equitable distribution among States; (e) reviewing operation of the program in all States; and (f) passing on questionable cases of eligibility when requested by State agencies.

Section 203 (j) and (k) should be reworded or rewritten in order to: (a) delineate these responsibilities, (b) avoid jurisdictional disputes, and (c) promote efficiency and economy in the administration of the program.

During the past 10 to 12 years there have been some 12 to 15 laws, and various rules or regulations implementing these laws, under which educational and health institutions have acquired surplus property. Few of these laws, rules, or regulations impose the same restrictions, if any, on title to surplus property. Institutions acquired unknown quantities of personal property through channels and from sources other than State agencies or the Department of Health, Education, and Welfare or its predecessor in function. Incomplete records covering these acquisitions make it impractical, and in some cases, impossible to determine title status. Endless confusion and misunderstandings relative to this problem can only be rectified by the Congress now granting clear title to the institutions using this type of property.

The Department of Health, Education, and Welfare administratively determines that title to personal property remain encumbered after acceptance by an institution; and further provides, that clear title does not pass unless the transferee makes use of the property for a period of 4 years from date of acceptance. The term "use" has never been defined. These provisos impose functions of doubtful legality on State agencies; cloud title on personal property transferred to educational and health institutions; and create administrative problems which are uneconomical and impractical. The Department has been spending a considerable percentage of their annual appropriations for compliance on personal property and are not furnishing the prime services authorized and directed by the Congress in this act.

To State representatives who live daily with the program, it is evident that these and related acts have produced consequences independent of the design or will of the Congress. Congress should include specific provisions in this act which will establish the fact that no attendant compliance, remedial or other similar actions were contemplated for personal property accepted by institutions.

Clouded title has resulted from various departments and agencies issuing rules and regulations under which real property has been transferred for off-site use. This results from agencies becoming extinct and having their title-clearance functions transferred, consolidated, diminished, or redelegated to new or going agencies. New agencies are frequently constituted and such new or going agencies are, by law, executive order, or redelegation of authority, granted or denied title-clearance functions which were not in the organic act establishing the original agency. As a result of these and other conditions there are instances where Federal departments or agencies do not agree on title status.

When transferred to educational and health institutions, attendant restrictions ultimately requiring compliance on structures and appendants, originally erected as temporary facilities, often extend over a 10-year period but, if sold, clear title immediately passes. Clear title to structures and appendants, when such property is transferred, and put to the use for which acquired, would enable institutions to plan and project their respective programs on sound and practical administrative and operational bases. A dismantled building is prima facie evidence that the material will be used: (a) for the erection of new buildings; (b) for parts which will be consumed in making repairs or additions to existing structures; or (c) in training programs in which the parts will be consumed. When accepted and put to use by an institution, clear title to this type of real property should immediately pass.

CONCLUSION

The member States of the National Association of State Agencies for Surplus Property, after a thorough and realistic study of these problems, approves and presents herewith specific and vital recommendations which, if enacted into law, will alleviate some of the present weaknesses and inconsistencies and effectuate a closer coordination of all agencies which will result in inestimable public benefits accruing to the United States from this method of further utilization of Federal surplus property.

It is respectfully requested that these recommendations be given full consideration.

TEXAS SURPLUS PROPERTY AGENCY,
February 14, 1955.

HON. JOHN W. MCCORMACK,
*Chairman, Special Subcommittee of House Committee on Government
Operations for the Donable Surplus Program,
Capitol Building, Washington, D. C.*

DEAR MR. MCCORMACK: The Texas Surplus Property Agency respectfully submits the following statements to your special subcommittee for consideration in connection with the hearing on H. R. 3322.

The program for the utilization of Government surplus personal and real property has been of inestimable value to the eligible educational and public-health institutions in Texas.

Several of our institutions came into being as a direct result of acquiring a surplus Government military reservation with buildings and installed equipment. These institutions would never have been established had these sites and buildings not been made available to them. None of these institutions are of the fly-by-night type; all are permanently established and fully accredited. Examples are: The University of Corpus Christi, the LeTourneau Technical Institute, the Maverick County Vocational School, and the East Texas State Tuberculosis Sanatorium.

Many of our colleges and universities are using surplus land and buildings for veteran-student housing projects, experimental farms, or research centers. Largest and most important of these is the University of Texas' off-campus research center which is on a formerly Government-owned magnesium plant. Among the research projects being carried on at this center are 26 contract projects for the Department of Defense.

Hundreds of educational institutions of all types in Texas are still using surplus buildings for academic classrooms, vocational shops, bandrooms, cafeterias, gymnasiums, athletic field houses, warehouses, or bus garages.

The requests on file with this agency for additional surplus buildings considerably outnumber the surplus buildings we anticipate having available in the future.

Texas institutions have acquired and utilized surplus real property having an acquisition cost value in excess of \$120 million.

Almost every eligible institution in Texas has been benefited to some degree by the utilization of Government surplus personal property. In many instances, the allocation of surplus personal property to a school has enabled it to add a completely new vocational or commercial course to the curriculum. On the whole, however, the \$36 million worth of surplus personal property available to Texas institutions has only been sufficient to supplement, rather than to establish, new courses.

Texas is one of the States whose population is increasing rapidly. Our school enrollment is increasing even more rapidly, proportionately, than is the population, due to the fact that more and more youngsters above the compulsory school age are remaining in school. Nearly every school and hospital in Texas, both tax-supported and nonprofit is now adding permanent buildings and increasing other facilities but these increased buildings and facilities will still be inadequate to meet demands. The school tax rate and the bonded indebtedness of most of our public school districts has long been the maximum permitted by State law. These institutions simply do not have the funds with which to purchase (at any price) those needed additional items which can be supplied by the surplus property utilization program.

The long and severe drought in Texas has made it necessary that our institutions curtail rather than expand their budgets.

Quite recently, there has arisen in Texas, as elsewhere, a new and unique educational program that should be of tremendous import to the Department of Defense, as well as to all the citizenry of this country.

Several high schools within reasonable distance of a fairly well-equipped and centrally located school have formed a sort of science research club for the purpose of offering to youngsters of exceptional ability, an opportunity to go much further into the study of the sciences, including mathematics, than can be offered in the regular high-school course. The motive behind this science-club movement is to guide and develop our most brilliant students into that field of work where they can render the greatest public service and contribute toward scientific research connected with national defense.

No tax funds are or can be made available for carrying on this work. Teachers who have taken the lead in this project in Texas have told me that they will have to look to the surplus property utilization program to supply the equipment needed.

During the past 12 months, eligible Texas institutions have received more surplus personal property than during any comparable period since 1946. During the last 12 months, Department of Defense stock fund sales have denied to these institutions more of the best quality and most-needed property than has ever been received in a 12-month period.

Some of the most disturbing examples of the sale of stock-funded surplus in Texas that is obviously badly needed by our schools and hospitals are: Over a hundred sets, each, of new or good-as-new carpenter's tools, office repairman's tools, 100 new mechanics' vises, and many miscellaneous lots of handtools. Other equipment sold as stock fund surplus was: 119 reach-in type refrigerators, cafeteria and kitchen equipment (tons of it), office machines of all types, office and classroom furniture, tarpaulins, and dormitory furniture.

As stock funding and sales of surplus as stock fund surplus extend on down from depots to the posts, camps, and stations, as it is now rapidly doing, practically all usable items except scrap and salvage—and that is sometimes utilized—will be denied our educational and public-health institutions by the Department of Defense.

Unless H. R. 3322 is enacted into law, it will be only a matter of a few months until the flow of reasonably good donable surplus in Texas decreases to a point where the utilization program will have to close down.

Admiration for and belief in our utilization program is not confined to educators and public-health men in Texas. Through the years, I have had many occasions to explain the program to merchants, bankers, and other professional men. Many were skeptical about the program until they understood its purpose and its accomplishments, after which they invariably expressed the opinion that

this method for utilizing Government surplus was the most intelligent and beneficial way of disposing of surplus.

The most important provision of H. R. 3322 is that it will make more and better surplus available for utilization by educational and health institutions. Other provisions of that bill are also of great importance, however, in that they will stabilize the program and enable the Department of Health, Education, and Welfare, and the State agencies to cooperate in some intelligent long-range planning for a more economical and efficient administration of the program.

The more than 3,000 eligible educational and public-health institutions in Texas, through the Texas Surplus Property Agency which serves them, earnestly solicit your subcommittee's favorable action on H. R. 3322.

Sincerely and respectfully submitted.

L. K. BARRY, *Director*.

Mr. BARRY. This is the result of our 2 years of study for the need for this legislation.

I would attempt now to confine my remarks to the present bill and why we think it is necessary. These statements to the committee are made on behalf of the National Association of State Agencies for Surplus Property, composed of the 51 State and Territorial agencies.

These agencies heartily endorse H. R. 3322 and urgently recommend this committee's favorable action in reporting the bill to the House.

Hundreds of school and hospital administrators throughout the United States have expressed to us their willingness to appear before this committee and testify in support of H. R. 3322 and to urge its speedy passage.

However, in view of the fact that the public benefits of this program are now so well-established and so widely recognized, and in view of the great demand upon the time of the gentlemen of this committee, we have asked these representatives of eligible institutions to forego the expense and loss of time for their work that a personal appearance before the committee would necessitate, and that a select few of them notify this committee of their endorsement of the bill by letters or by telegrams.

The State agencies believe that H. R. 3322 will accomplish the following highly desirable improvements in the program for the utilization of surplus real and personal property:

First, it makes clear the intent of Congress that all property, surplus to the needs of the Federal Government, that is usable and needed by educational and public health institutions be transferred at no cost prior to disposal by other means. Clarification of the intent of Congress is made necessary because certain high echelon officials of Federal agencies and departments have repeatedly advised hundreds of our schools and hospitals in writing that Congress never intended that surplus of any appreciable monetary value be made available to them.

Second, this bill includes a much-needed provision that specifically authorizes what commonsense and practical administration of the program has long caused to be the actual practice, namely, that the Federal agencies enter into cooperative agreements with the State agencies to carry on the program.

A few examples of the authority that the Department of Health, Education, and Welfare should, by law, be empowered to delegate to the State agencies are—

(a) A determination of which institutions in the State are eligible to participate in the program—the definition of a school or a hospital in different States varies:

(b) A determination of what is needed and usable by educational and health institutions within a State;

(c) The actual inspection and the screening of surplus at the Federal installations; and

(d) A distribution of available surplus to the eligible institutions within the State.

I repeat, those are functions that we think ought to be functions of the State agencies.

The third thing—

Mr. MOSS. You feel those should be functions of the State agency under regulations carefully drawn by the Department?

Mr. BARRY. Yes, sir; and, in fact, that is the way we are doing it now.

The third beneficial part of H. R. 3322 is that it will eliminate the confusion, duplication, and costly waste of time and money by State and Federal agencies in connection with the attempts to enforce the many vague and conflicting restrictions to the title of surplus property acquired under some dozen or more former laws and regulations implementing these laws.

Prior to the passage of Public Law 152, 81st Congress, in 1949, there was at one time as many as 4 or 5 laws and regulations in effect at the same time, under which eligible institutions acquired surplus.

In a great many cases this surplus was not acquired through the State agencies or even through the predecessor agency to the Department of Health, Education, and Welfare. Records of these transfers have been lost, destroyed, or never existed either at the State or at Federal levels.

Until Public Law 152 was passed, institutions did acquire some surplus for which they had no need and for which they made no request. Also, they practically had forced upon them far more of certain usable items than they had need for.

Many college presidents and other responsible educational and health administrators have explained how when they sent a truck, for instance, to an installation to pick up a grinder, the truck came back with a grinder and a large amount of spare parts for automobiles, or even telephone insulators, without the truck driver even signing a receipt.

I have here with me a copy of the Department of Health, Education, and Welfare, section 600 of its Surplus Property Operation Manual which lists some 7 or more of these different laws and regulations, and which delineates under what conditions title passed to the institutions acquiring the surplus.

It is our belief that every restriction on title cited in section 600 was placed thereon by regulation of the War Assets Administration, some of which has been held by Federal court to be illegal, the old Federal Security Agency, or some other Federal agency, rather than by the Congress.

Certainly, in some cases, the restrictions on title have no basis whatever in the law itself.

The Department of Health, Education, and Welfare's regulation that surplus transfers to eligible institutions under the present Public Law 152 must be used for a period of 4 years before title is relinquished by the Government is a good example of what I have reference to.

If the committee cares to take the time, I will summarize the so-called compliance regulations laid down by the Department of Health, Education, and Welfare, section 600 of its operations manual. I have that here, and I have notes on it.

I do not know whether it is worthwhile to go into that and mention the different things or not; it is purely up to the committee.

Mr. Moss. Mr. Jonas and Mr. Dawson, would it be helpful for you to have it summarized?

Mr. McCORMACK. I would not like to take the time of the committee, unless the members want it.

Mr. JONAS. They are now out of date.

Mr. BARRY. No, sir. Most of our compliance problems are concerned, even at this date, with property acquired under those dozen or more laws and regulations that were in effect prior to the passage of Public Law 152 in 1949.

Public Law 152 is the law under which the Department of Health, Education, and Welfare, for instance, inherited, or thinks it inherited the responsibility for checking on compliance with all the property acquired from War Assets Administration.

Mr. Moss. About how long would it take you to summarize it?

Mr. BARRY. Probably 5 minutes or so.

Mr. Moss. Go ahead, then; I think it would be helpful to the committee.

Do you have this summary in writing, too?

Mr. BARRY. No, sir.

Prior to July 1948, property was acquired primarily and almost exclusively from the military.

In the case of the Army and the Army Air Force, it was acquired under their War Department procurement regulation 7, paragraph 316, and from the Navy, the Navy's procurement regulation and directive No. 1. That was an outright donation for educational use.

Now, the compliance requirements are these: That property transferred under these regulations, which has been placed in education use is not subject to redisposal restrictions, which means that if it is used, why, title passes. If it is not used, title does not pass, and the Government still has an interest in it, even after some years. How long it has to be used is not specified. One day would presumably be sufficient.

Now, we have those regulations abolished or made obsolete when Public Law 889, 80th Congress, was passed in July 1948. It was effective for 1 year from July 1948 to July 1949, at which time it was superseded by Public Law 152.

Now, under the provisions of Public Law 889, again we have that mere use of the property, with no time specified, passed the title, and incidentally, of course, the term "use" is not defined. The use of a big power machine, for instance, in the University of Texas, where the mechanical engineering students are merely using the machine to sketch and describe and study its mechanical principles, is actually quite different from the use that would be required by vocational schools that are training mechanics.

In this same line here with the military donations, of course, next would come Public Law 152, under which the Department of Health, Education, and Welfare has issued regulations that property must

be used for a period of 4 years before title passes to the institution.

The Surplus Property Act of 1944, which established the War Assets Administration, and empowered them to make numerous regulations for the disposal of property, out of that grew three regulations, I believe, that had to do with and which affected acquisition of Government surplus by schools at educational discount purchase or by donation.

Under their so-called regulation 14, the War Assets Administration regulation provided that personal property acquired by discount purchase under the provisions of the Surplus Property Act of 1944, and so on, and which was utilized by the acquiring institution, may be disposed of without the consent of the (then) Federal Security Agency, provided the terms for period of use of that agreement under which they acquired it are met.

Now, that period, of use was changed three times under this one regulation; for a while WAA required that this property be used for a period of 1 year. Later they required that the property be used for a period of 3 years, and finally on June 17, 1948, the regulation required that property acquired after that time be utilized for 4 years.

The War Assets Administration regulation 19, under which they donated certain property, provided that the title passed after the property was used for the length of time prescribed in the agreement, which time varied with different cases.

One of the most confusing of all the regulations is known as War Assets Regulation No. 4, which provided for the disposal of aircraft and electronic equipment only. That was a special regulation dealing with those two things only; and under those regulations, aircraft or electronics bought at discount from the War Assets Administration, acquiring institutions had to get permission from the War Assets Administration to dispose of such property until 3 years had passed. After 3 years the institution could dispose of the property without getting authority from the WAA; but in any case, according to the agreement that institutions were supposed to have signed, they had to reduce electronics and airplanes, regardless of how valuable they might be, to scrap, so that there was no possible chance of flying an airplane, and so on.

Mr. MOSS. Well, Mr. Barry, are they the current regulations?

Mr. BARRY. Yes, sir; they are in effect now.

Mr. MOSS. You still have property in each of these categories governed by each of these regulations?

Mr. BARRY. Yes, sir. The Department of Health, Education, and Welfare is right now concentrating on this particular regulation that I just mentioned, known as "reg" 4; they have two suits against the schools in court about disposal of airplanes. One lawsuit is in California and one is in Michigan. One has been decided one way by the Federal court, and the other one has been decided the other way. The California Federal judges decided—

Mr. MOSS. I think we had the famous Finn brothers.

Mr. BARRY. That is the one that has been decided in favor of the school; the one in Michigan was the reverse. The circumstances in both cases were almost identical, even as to the time of acquisition, length of use, and time and method of disposal.

Now, the crux of this matter is, I say, that during the time that this property was being acquired, from the WAA, colleges and schools

had a rapid turnover in administrative heads and in business managers, and in many cases they did not sign the agreements that they were supposed to have signed to get this property. Consequently, there is no evidence of acquisition to be found. It is not unusual for any State agency director to get three or four or five letters a day from schools saying, "We have such and such a thing here in its original crate," or "it has been here ever since I came here," and "nobody knows where we got it. We know it is surplus property, but we do not know under what authority it was acquired."

Sometimes, because of my long service in this program, I suggest that the school administrator look up a retired janitor and find out when the school got the property; whether it came from Utah or Alabama; with any of that information as a clue, I can usually determine under which law or regulation the surplus was acquired, what restrictions to title are applicable, and then start complying with the redtape connected with getting the Department of Health, Education, and Welfare's authorization for disposal.

Incidentally, if it is held that the Government still has title to the property, and that is almost always the case when it has not been used, then the schools have to go to the trouble of conducting a public bid sale, under practically the same terms and conditions that the Federal Government uses. This is quite a lot of trouble to them, and they wind up by getting less for the property than the cost of the sale.

There is one other regulation listed here that I forgot to mention; it is probably the most ridiculous of all.

Public Law 697, 79th Congress, was a law enacted to aid institutions, primarily colleges and vocational schools, in connection with the great influx of veterans under the GI bill of rights. Under that law, the Federal Works Agency set up a donation program which was for veterans' education of all types.

The school filed a list of the equipment that was needed; this list was supposedly approved by a field representative of the United States Office of Education who was stationed at each headquarters office of the Federal Public Works Agency. The list of needs with the approval by the USOE was known as an approved finding of needs.

If the man connected with the United States Office of Education approved of a finding of need, the donation was made. The property was not supposed to be donated if the finding of need was not approved by this representative of the USOE. Hundreds of cases actually occurred where donations were made under this law, or supposedly under this law, where no "finding of need" was ever approved.

Now, I finally ran down in Texas the man who was supposed to have approved these findings of need. I told him I was under the impression that everything the schools had acquired in Texas under Public Law 697 did have an approved finding of need. He denied that such was the case and he proceeded to tell me about the case of a small college that went over to the FWA warehouse in Waco, Tex., to get three or four desks and some other equipment that he had approved of. The school's truck, after making several trips, got 57 desks instead of the 3 or 4 which had been approved. According to the story told me, the FWA warehouseman had talked the college into taking these additional desks in the hope that a finding of need would

be approved after the donation. Approval was refused but the desks were retained by the college.

Now, there are many such pieces of property all over the United States that were donated on that basis. Public Law 697 was the one for which compliance was not passed to the Department of Health, Education, and Welfare by Public Law 152.

For some reason or other, the responsibility for checking on compliance under Public Law 697 rests with General Services Administration. When GSA discovered that, it shed all responsibility by coming out with Administrative Order No. 101, which says, in effect, that if schools that acquired property under Public Law 697, did so with an approved finding of need, the Government has no further interest in the property.

In other words, the schools have title to that property whether or not the property has even been used.

Conversely, if schools acquired property under that law without the formality of approved findings of need, and have used the property for 15 years, they still do not have title to the property because it was actually acquired illegally.

Those are samples of some of the things we put up with in this compliance business.

We have discussed the matter of compliance innumerable times with the Department of Health, Education, and Welfare, and among ourselves, with little results. We will never get anywhere on this problem unless there is a housecleaning on compliance. H. R. 3322 will do just that—clean house.

Mr. JONAS. What is the section that takes care of that?

Mr. BARRY. I think it is the last one. Page 3, line 10, section 5, "no restrictions on conditions on the utilization of surplus personal property donated or sold at discount."

You see, a lot of this property was acquired under what was known as educational priority discount purchase. The WAA set a fair value on the surplus in their warehouses, and then, depending upon the use the school proposed to make of it, WAA sold it to schools at various discounts from that fair value; if for actual classroom use, they paid 5 percent; in some cases they paid 20 percent; in some cases they paid 40. It varied with the use.

Mr. JONAS. I do not see how this will take care of all those objections; do you?

Mr. BARRY. I wish to conclude the remarks—

Mr. MOSS. Mr. Barry, Congressman Jonas has a question.

Mr. JONAS. Are you sure section 4 will take care of all your doubts?

Mr. BARRY. No; of some.

Mr. JONAS. It only applies to conditions on utilization; it does not have any reference to title.

Mr. BARRY. That is what it implies; that is what it means.

Mr. JONAS. Or excess.

Mr. BARRY. No restrictions on the condition; on the utilization.

Mr. JONAS. Well, that merely says that you shall place no restrictions or conditions on what the institution does with the property.

Mr. BARRY. That is right; that passes title. Donees would sell it theoretically. We are not proposing that they do that without getting their water cut off right quick like.

Mr. JONAS. Of course, that is what caused much of the criticism of the program, the fact that some institutions did sell the property they received; is that not true?

Mr. BARRY. Yes, sir; and if you read that GAO report that was made before Mrs. Harden's subcommittee, as I recall it, you will find they highlighted some forty-odd cases. The best, as I can recall now, is that there were 3 cases of noncompliance under Public Law 152. The GAO gave Texas pretty much of a whitewashing—the 2 cases that they did mention had nothing whatever to do with Public Law 152.

Mr. MOSS. Is there anything further?

Mr. JONAS. I did have something further, but it is not my turn, unless you want me to go ahead.

Mr. MOSS. Yes.

Mr. JONAS. Mr. Barry, you have been working on this for a number of years?

Mr. BARRY. Yes, sir.

Mr. JONAS. And you would say you are an expert on it, if you are the head of your organization?

Mr. BARRY. Well, I have heard some definitions of experts that I do not particularly like. [Laughter.]

Mr. JONAS. Well, you have lived with it, worked with it, and studied it?

Mr. BARRY. Yes, sir.

Mr. JONAS. Has your association given any consideration to the terms of a bill or the possibility that the States may deal directly and get this property from the military without going through 2 or 3 other agencies of the Government?

Mr. BARRY. No, no.

Mr. JONAS. Why could not the State—I am perfectly willing to trust the superintendent of public instruction in any State—why could not the States deal directly with the agency that owns this property and take it over without going through the Department of Health, Education, and Welfare?

Mr. BARRY. Well, I will just have to be practical about it. If you did that in my section of the country, Texas would get it all, or pretty much all of it. I have got seven men who do nothing but visit the installations to screen and list surplus.

Under the present circumstances, the other day one of my men called me from Fort Worth and said there was a bunch of tarps there in the scrap pile, and that he believed some of them were good, but that they were so heavy he could not handle them.

We told him to hire 3 laborers and put it on his expense account, and so he pulled out tarps, selected the usable ones, and froze \$46,000 worth. The Department of Health, Education, and Welfare in Dallas proceeded to allocate all of them to Oklahoma.

In line with the questions you are asking, I will say that Texas has been offered property in California many times. California gets more property in proportion to its population than it is theoretically entitled to, but we cannot afford to bring it over into Texas.

Mr. JONAS. Texas has not been hurt by it?

Mr. BARRY. No.

Mr. JONAS. I see you have got \$159 million worth of property.

Mr. BARRY. That is largely because of the big on-site realty transfers. We have a number of schools in Texas, and many hospitals that are set up wholly lock, stock, and barrel, on a surplus military installation, and these are good schools and hospitals.

Mr. JONAS. You do not think, then, that an arrangement could be made which would bypass 2 or 3 other agencies of the Government, and permit the States to have allocated to them on a ratable or fair and equitable basis certain parts of this property without creating a lot of extra agencies here in Washington to supervise it?

Mr. BARRY. No, sir; there has got to be a referee in this thing, for a certainty.

Now, at one time before the initiation of this program on an organized basis, that was attempted by the different Army headquarters, air materiel areas, and naval districts. It was a failure.

But as far as the donating installations are concerned—say, Fort Sam Houston, or something like that—the personnel there, including the disposal officer, insist that it is much cheaper for them to donate the property than it is to sell it.

The matter of the Department of Health, Education, and Welfare's budget for operating this particular program is relatively small in proportion to the benefits that accrue to our educational and health institutions. The \$400,000 that they spend in giving away several million dollars' worth of property a year is not excessive at all. I do not think that we have any other Federal-State program or grant-in-aid program that gives the States so much for so little.

Mr. McCORMACK. Nor for such a good public cause.

Mr. BARRY. Thank you, sir.

It was difficult for me to keep quiet a while ago when you were asking some questions that I wanted to speak on.

For instance, the matter of the effect of the stock fund on the donation program. We are getting more property—I submitted a statement to the chairman—from my own State, and I do not want to go into that, but I pointed out that while we have recently been getting more property than we have gotten since 1946, we have also been losing more and better property than we ever got before.

It is merely a question of time as stock funding extends down to posts, camps, and stations—and it is doing that today—until the program will be—there will be such a small trickle of property that is worth anything that the States will not be justified in maintaining an agency for the purpose of effecting equitable distribution of what little sorry property is available.

Mr. JONAS. Right on that point, if the chairman will permit me, I have a statement here by Mr. McNeil, which I would like to have you comment on.

He says that the quarterly breakdown of the reported amount at acquisition cost of \$60 million of donated surplus material in fiscal year 1954 shows an upward trend in each quarter as follows:

First quarter, \$11.5 million; second quarter, \$12.1 million; third quarter, \$17.9 million; fourth quarter, \$19.2 million; and he says this:

This trend continued in the first quarter of fiscal 1955 in which \$29.4 million of surplus material was donated. It would appear that the Department of Defense policy is not having the harmful effect on the availability of surplus property for the donation program as has been contended.

Mr. BARRY. It would have been much more to the point if Mr. McNeil had shown how much property that was useful and necessary for health and education had been lost during those periods.

Mr. JONAS. What do you mean by lost?

Mr. BARRY. Sir?

Mr. JONAS. What do you mean by lost?

Mr. BARRY. Sold under the stock-fund regulations and denied donation.

Those of us who have a big enough operation to hire men to go around and look at this property are more aware of our losses through stock-fund sales than are some of the other States. Some States do not even have a military depot located in them, consequently, such States only know by hearsay whether they are losing any property or not—and that property so lost to them is that which should flow in from depots in other States.

My men have been sending in to me lists of stock-fund sales, indicating what we have been losing. In many cases my men have been finding out after the sale what the Government got for the property, and reporting those figures to me.

Mr. JONAS. Well, in your investigation have you discovered that this trend does exist, that I have indicated; or do you deny that it exists?

Mr. BARRY. No, I do not deny that it existed at that time.

Mr. JONAS. This is fiscal year 1955, the first quarter which was just ended last fall.

Mr. BARRY. It is my understanding that the people best qualified to speak on statistics are the Department of Health, Education, and Welfare; they have the figures.

As to the Department of Defense statistics, of course, they are not available to me, except those in that letter, of which I have probably seven or eight hundred copies. There is one thing that I have tried to bring out all along, and that is that the percentage of donations to the overall disposal has been decreasing.

Now, Mr. Frazier, or some other member of the Department of Health, Education, and Welfare can give you, I think, all the statistics that you want on this situation. My impression is, I believe—it is it not right, Mr. Frazier—that the tendency is now downward.

Mr. FRAZIER. That is right.

Mr. BARRY. And it will continue to drop off until within the course of a few months it will be practically nothing.

You see, we are still getting——

Mr. JONAS. Do you have any figures later than the first quarter?

Mr. BARRY. I think the Department of Health, Education, and Welfare may have them by the month.

Mr. JONAS. What do the figures show for the second quarter—October, November, and December?

Mr. FRAZIER. They average right around \$10 million a month. But one trouble is that there is some water in these figures that we have not been able to deduct because there have been a number of allocations and donations approved and included in our records, and then later on canceled by the holding agency because that particular property has now become encompassed in the stock-fund account, so we cannot quote accurate figures. No one can, because they have not been compiled.

But the last 3 months have been averaging just about \$10 million a month.

Mr. BARRY. I have a note here that says in regions 9 and 10—now, that is the Department of Health, Education, and Welfare regions, which is the Western States—California and neighbors—the amount of property dropped from \$3 million in December of 1954 to \$1 million in January of 1955, due to stock-fund sales.

That is an area where there is a great deal of surplus, but it is also an area of huge depots and, consequently, great amounts of stock-fund property.

Mr. JONAS. Well, can you say that the stock-fund arrangement was the sole contributing factor to that drop?

Mr. BARRY. Yes, sir.

Mr. JONAS. Then you would say that the items the State continued to need were not in existence or had been exhausted, would you not?

Mr. BARRY. No. Those——

Mr. JONAS. That would follow, would it not?

Mr. BARRY. Those items that have been issued from depots to the post, camps, and stations and have there become surplus have been available to us until the present time, approximately.

Mr. JONAS. But if we still have billions of dollars worth of this property, the fact that we have disposed of some of it through the stock plan——

Mr. BARRY. It will all be disposed of through the stock-fund plan in the near future, or practically all of it; that is the point I am trying to make. You see, only the depots have been selling stock-fund property. In Texas, for instance, Fort Sam Houston is a very big installation; Fort Bliss in El Paso; Kelly Air Force Base, these are some of the biggest in the United States. These have not stock-funded up until—well, when I left home they were beginning to—but they will do so. They are doing it just as rapidly as they can.

Mr. JONAS. One other question.

Mr. BARRY. And stock-funded items are the common-use items which our institutions need. Our institutions will have little need or use for the millions of dollars of surplus generated outside stock funds.

Mr. JONAS. Well, it is not reflected in the figures that we have had here today.

Mr. BARRY. No, sir.

Mr. JONAS. That that result is taking place, I mean.

Mr. BARRY. If we got—and we did get—I am sure, all of that property and all of the stock-fund surplus that we have lost, we still would not be able to satisfy the needs of these institutions by any manner of means.

Mr. MOSS. They would be related to the figures mentioned by Mr. Jonas if you related the total amount acquired by the States for their schools to the total amount disposed of by the Department, would they not?

Mr. BARRY. Yes, sir.

Mr. MOSS. You are getting a lesser share——

Mr. BARRY. That is right.

Mr. MOSS (continuing). Of the total than you were before.

Mr. BARRY. That is right; we are getting a lesser share of the total.

Mr. MOSS. Are there other questions?

Mr. BARRY. I want to thank the committee for this opportunity to appear before them in behalf of the national association, and reiterate that we heartily endorse this bill; that every day that its passage is delayed, our health and educational institutions in the country are losing literally thousands of dollars' worth of usable property that they need and that they cannot afford to buy.

Mr. Moss. I understand that Mr. Nolan from the State of Massachusetts is present. Do you have any statement you would like to make at this time, Mr. Nolan?

STATEMENT OF ROBERT F. NOLAN, STATE SUPERVISOR, STATE DEPARTMENT OF EDUCATION, VOCATIONAL DIVISION, MASSACHUSETTS

Mr. NOLAN. Yes, Mr. Chairman, I would. I have a prepared statement here that I made for the purposes of saving time, and rather than repeat what is already in the statement, I request that it become a matter of record, so that there will be an opportunity for it to be read by the committee.

Mr. McCORMACK. You are Robert F. Nolan?

Mr. NOLAN. Yes, sir.

Mr. McCORMACK. What is your position in Massachusetts, for the record?

Mr. NOLAN. I am supervisor in the State department of education, and have been assigned by the Governor to represent the State at this hearing and report his interest in support of the bill, and also the interests of the schools and hospitals in the State and their support and interest of this bill.

Mr. McCORMACK. How long have you been in this particular position?

Mr. NOLAN. I have been employed by the State department of education for over 18 years in an administrative capacity, the last 9 years of which I have had as one of the other responsibilities in the department the administrative supervision of the surplus property program in the State.

Mr. McCORMACK. Will you just, for the record and for the information of the members, let us know how it works, say, in Massachusetts, under Public Law 152, and also under the present situation?

Mr. NOLAN. Yes, sir.

Information on the availability of property is brought to our attention in several ways. One is a circularization of listings of property by the Department of Defense, and also a circularization as to the availability of property by General Services Administration, whereby listings of property surplus to the needs of the Government are circularized to the Federal activities within a prescribed radius.

We automatically get a copy of the listings from the Department of Health, Education, and Welfare office, and have an opportunity within a limited time, usually from 10 to 15 days, to examine the listing, to determine whether or not there may be items on the list useful and necessary in the education and health program for our State.

Mr. McCORMACK. How do you determine that?

Mr. NOLAN. The need and use of property is determined on the basis of requests we receive from schools and hospitals for items of equip-

ment standard for use in practically every educational and health institution in the country.

An item of particular need, like the X-ray machine mentioned in previous testimony, involved a case where a particular hospital was desirous of expanding its facilities for X-ray treatment and for research, and for the training of doctors and nurses in the use of X-ray equipment.

Not having complete facilities, they inquired as to whether or not it might not be available through surplus.

As a result of a coordinated searching by our organization, the Department of Health, Education, and Welfare, and the General Services Administration, we discovered that there was available an X-ray machine of the exact type the hospital needed in one of the States outside of New England. It was surplus to the needs of the Federal Government.

Arrangements were made for the Department of Health, Education, and Welfare to allocate that particular piece of equipment to Massachusetts, and an application was submitted from the State agency in the name of the hospital to the Department of Health, Education, and Welfare, which allowed the Federal holding activity, which happened to be the Navy at the time, to release the equipment to the hospital.

You have here in your record, I am pretty sure, a statement from the administrator of the hospital, Sister Mary Alma, which states very definitely that since they have received the unit they have made very effective use of it, and have trained a large number of professional people in the use of the equipment and the treatment possible with the equipment.

Mr. McCORMACK. At this point I ask unanimous consent that the letter received from the Sister be inserted in the record.

Mr. NOLAN. The hospital is St. Elizabeth's Hospital, Brighton, Mass.

Mr. MOSS. There being no objection, that will be done.

(The document referred to follows:)

ST. ELIZABETH'S HOSPITAL,
Brighton, Mass., January 19, 1955.

HON. JOHN W. McCORMACK,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN McCORMACK: Recent developments in the program concerned with the donation of surplus Government property to schools and hospitals are very disturbing to us. It has come to our attention that the Department of Defense and other Federal agencies are selling surplus properties rather than donating them to schools and hospitals, as authorized by your bill Public Law 152, 81st Congress. A copy of our letter to Robert Nolan of the State department of education which reviews the benefits received by Saint Elizabeth's Hospital from the surplus-property program up to now is enclosed for your information. Our strong interest in this program motivates this letter asking your help in continuing the program under Public Law 152 so that a donation of surplus property for education and health use can be given priority before the selling activities of the Federal agencies.

For your own great interest and assistance to Saint Elizabeth's Hospital in this Government surplus program, we take this opportunity to express our deep gratitude. The surplus properties received by the hospital during the past 5 years have been a substantial reason for Saint Elizabeth's having the lowest hospital rates in metropolitan Boston. Your contributions are therefore reflected in the rates to the consumer of hospital care; the taxpayers who have originally paid for these properties. It seems only fair that they should benefit wherever

possible by the use of these properties when in excess of the Government's need. Anything you can do to promote the continuance of the donation program will be of tremendous help to us. May God reward your efforts on our behalf.

Sincerely yours in Christ,

Sister MARY ALMA, O. S. F., *Administrator.*

ST. ELIZABETH'S HOSPITAL,
Brighton, Mass., December 14, 1954.

MR. ROBERT NOLAN,
*Commonwealth of Massachusetts,
Department of Education, Boston, Mass.*

DEAR MR. NOLAN: In response to your inquiry about the value of the surplus property program to St. Elizabeth's Hospital, I am at a loss to give a complete reply.

"In the past 5 years it has been our privilege to go to the surplus warehouse perhaps twice every year. Long before the semiannual visit the supervisors of various departments come to remind me that it must be getting time for us to go to Taunton, and enumerated several items which they would like to have if available, but which perhaps do not come under the category of being strictly essential. For example, the science laboratory in the school of nursing has as one of its laboratory experiments growing of bacteria on various types of media. This can be done by improving the favorable environment of darkness and warmth and moisture. In 1954, however, students should be given the opportunity of using an incubator. Up to now the expenditure was not authorized. After our fall trip to Miles Standish, the school now has its long desired incubator and our students have the opportunity of growing bacteria in the accepted method of today rather than the improvisation of 40 years ago.

"The nursing school likewise benefited by the replacement of some 30 of its beds which long deserved retirement. Other pieces of furniture, chests of drawers, chairs, have been replaced by better units taken from Government surplus and refinished by our maintenance department.

"In addition to the nursing school, St. Elizabeth's Hospital has a medical education program involving the whole staff but more especially some 28 or 30 medical students, interns, and residents. These young people have benefited from the surplus program by replacing of some wornout beds, bookcases, chairs, chests of drawers. In the general laboratory, additional facilities have been acquired which made available to the house staff whatever units which they could use without disturbing the regular laboratory staff. Additional anesthesia machines have provided wider possibilities for instruction in anesthesia. A surplus resuscitator outfit was made available for the emergency department which is not only an additional tool for the resident staff, but likewise of value to those in need of resuscitation in the emergency department.

"An X-ray therapy machine widened the scope of the residency in radiology as well as providing more complete facilities for the treatment of cancer. Miscellaneous surgical instruments and pharmaceuticals have contributed to the general equipment and thereby to the greater efficiency of the respective departments. Very little, if any, of the surplus materials have not been used up or are not in daily use. Practically nothing has gone into storage.

"The Government services have some return from this institution in that even in a very cursory glance through the graduates of the last 5 years indicate that 60 are now in the services from Thule to Jacksonville and from the east to the west coast of this country with all points in between. Thirty of the medical resident staff who have been here in the last 5 years are now in the Government services from one end of the world to the other.

"I would like to take this opportunity to acknowledge the appreciation of the trustees of St. Elizabeth's Hospital as well as that of the medical staff, the nursing staff, and the entire personnel for the contributions received from Government Surplus. These contributions have made for greater efficiency throughout the institution. It is hoped that while surplus properties do exist, it will be possible for us to avail ourselves of them."

MR. NOLAN. This is a typical example. Information on what is needed and useful comes from the grassroots, it comes from cities and towns, the school administrators, the teachers, the doctors, the nurses.

As a result of screening listings we determine the availability of the property, and then, through a process of interchange of information

between the State Department, the Department of Health, Education, and Welfare, and the General Services, we notify them that if the property becomes surplus to the Federal need we would be interested because we have a use for it. Eventually it may be allocated to us.

If it is allocated we apply for it. We apply for it usually for direct transfer to the units when it involves a single item or a large item. If it involves items where the unit is small and the quantity is large, the property is brought into a central warehouse where distribution is made to the schools and hospitals in the State on the basis of an allocation formula which takes into consideration the school population or bed load.

We have tried to operate on a formula in Massachusetts which every 3 months allows us to review our distributions, so that periodically we can encourage the institutions in the State that were receiving less than their share and discourage those that had received in the past more than their share.

There are some problems involved in this system that primarily can be traced to either the lack of initiative on the part of a local superintendent or a local administrator or to his restrictions as to time. We have tried to operate on the basis that we will not release, as a State agency, to a school or a hospital in the State any property which they have not physically inspected and selected as being an item that they can use and need in their program; and it is transferred to them on a warehouse issue sheet which includes the certification required by the Federal regulations, covering the intent of the program.

In our operations in Massachusetts, we have been active and interested. As the Congressman from North Carolina has indicated, we are probably one of the active States, but we have never, under any of our operations in connection with the Department of Health, Education, and Welfare or the GSA, been forced to take a piece of property that we did not have a need or use for, and we, in turn, have not passed on to any school and hospital in the State any property that we felt they did not have a need and use for. We run a fairly well-controlled program.

Under this type of program, the public benefits to be derived from the effective use of surplus are immeasurable as compared with the low potential return to the Government on a per dollar basis or on a percentage basis of property that was sold under a stock-funding arrangement to recover a few cents into the Treasury.

We have been seriously affected by stock funding. It shows daily in our review of listings, because the listings are very specifically earmarked as to the status of the property.

In other words, if property is reimbursable, in the listing it means that it is not available for donation, and in a large number of cases they are common-use items that schools and hospitals would give their eyeteeth to receive because they are in dire need and could make very effective use of the equipment.

I do not want to take any more of the committee's time. I would be glad to answer any questions, and I certainly appreciate the opportunity to discuss the program with you.

Mr. Moss. Are there any questions?

Mr. McCORMACK. Just one question. In your statement which will be made a part of the record, did you cover—was there any assistance

given to the area of Massachusetts that was visited by that violent hurricane?

Mr. NOLAN. That is a very good point, Mr. Congressman.

About a year and a half or 2 years ago we had in the central part of our State a tornado which did a terrific amount of damage in a very short space of time and, naturally, all the resources in the State were called upon to provide whatever assistance possible to alleviate the suffering and to bring about a return to normal conditions as soon as possible.

Mr. McCORMACK. And Congress also did the same thing by brushing aside any red tape and getting to the immediate relief, as far as possible.

Mr. NOLAN. That is right.

At that time we were able to move surplus property into that area practically overnight. It was necessary, though, to have certain of the Federal regulations and the intent of Congress changed some to allow for Government property being made available for the relief of private individuals, and with the help of Congress, and under the leadership of Congressman McCormack, Senator Saltenstall, and others, the change was made.

Mr. McCORMACK. I might say that all of them cooperated; I want to give credit to everyone.

Mr. NOLAN. Changes were made in the National Disaster Act that would allow the States to use surplus property for the relief of private individuals, and at the critical stage of the tornado the only relief going in there of a physical nature was surplus property.

Mr. McCORMACK. To what extent did that contribute?

Mr. NOLAN. Well, I would guess that in a short space of time there was—and this is an estimate now because I do not have these figures with me—I would say between \$100,000 and \$300,000 worth of property went in there very fast.

Relief to schools and hospitals could automatically be provided under existing features of Public Law 152, but the relief of private individuals involved was made possible by amending the National Disaster Act.

Since that time we have had two bad hurricane situations in Massachusetts, and in both instances, within 20 minutes after the hurricane had hit the areas, we were in touch with the schools and hospitals and made property available to them. What we actually did was open up our warehouses and said, "The warehouses are there; send your representatives and if we have property you can use, take it; we will take care of the paper work later." In this way we were able to make quite a valuable contribution to the communities that were affected by those hurricanes.

Mr. Moss. We will insert the prepared statement of Mr. Nolan at this point.

(The prepared statement of Mr. Nolan follows:)

STATEMENT OF ROBERT F. NOLAN, STATE SUPERVISOR, STATE DEPARTMENT OF
EDUCATION, VOCATIONAL DIVISION, MASSACHUSETTS

I am appearing before you as a representative of the Commonwealth of Massachusetts to record the interest and support of our educational and public health institutions in the successful enactment of H. R. 3322.

I have been employed by the State department of education, vocational division, as a State supervisor for over 18 years and have had direct supervision

of the surplus-property-utilization program for the past 9 years as only one of other administrative duties and responsibilities in the department.

The surplus-property-utilization program in Massachusetts has been of inestimable value to our educational and health institutions. A total of \$40 million (acquisition value) worth of real and personal property has been donated or acquired by public benefit discount since 1946 for over 500 schools and colleges and over 100 hospitals in the State.

Surplus mechanical and technical equipment no longer needed by the Federal Government has been used successfully by our public and private, nonprofit tax-exempt schools and colleges to stimulate an interest in science and engineering. Great ingenuity has been exercised by our teachers and their students in using surplus materials in our classrooms. The training value derived from using surplus materials in the educational program is worth many times its value as property sold at auction or as scrap, and our trainees very often leave our schools and colleges to enter the armed services or are employed by agencies or contractors involved directly in defense research and production.

During the past several years substantial aid has been provided our State hospitals and other tax-supported and nonprofit tax-exempt hospitals in the State. Our hospitals have been able to acquire at little or no cost from the surplus-property program needed items of replacement and additions to professional equipment and furniture which they would have been financially unable to obtain otherwise. This contribution from the use of surplus has materially affected the accomplishments in the area of patient care and directly facilitates their contribution to the national defense in the training of doctors and nurses.

For the past year the surplus-property-donation program has been losing huge quantities of very valuable surplus property due to the activities of Federal agencies and departments selling their surplus to salvage dealers rather than making it available to us for distribution to our eligible schools and hospitals. These salvage dealers who were able to acquire such surplus at a small fraction of its original value, realizing the need for this property by our schools and hospitals, have many times offered to sell this same property to us at rates which clearly demonstrate the huge profits involved to the salvage dealer.

We firmly believe that Federal property once procured by the taxpayers should be utilized when needed by education and health institutions for the benefit of the taxpayers, and we respectfully request your active support in arranging for the immediate and successful enactment of H. R. 3322.

We further believe that the changes in the basic act as outlined in H. R. 3322 will alleviate some of the present weaknesses and inconsistencies and allow for a closer coordination of agencies, which will result in more public benefit accruing to the United States by allowing for further utilization of Federal surplus property.

It should be emphasized that the total needs of all the qualified schools and hospitals in the country would be but a very small percentage of the total quantity available for disposal, and any loss in terms of recapitalization will be small when compared to the public gain by the further utilization of the property in our educational and health programs.

We heartily endorse that section of H. R. 3322 which will remove title restrictions on personal property transferred to schools and hospitals. In the past, due to a Federal administrative determination, restrictions were placed on personal property which were not only impossible and impractical to administer but also decreased the public benefits that accrue from using the property. To illustrate: At present the Federal regulations require that a school must use a surplus typewriter for 4 years in their educational program before title passes. Obviously some machines used constantly in a school program reach the point where it is not practical or worthwhile repairing them before the expiration of the 4 years and the school is still accountable. After passing through a series of such experiences, school administrators become discouraged at these restrictions and lose interest in the program. In other words, too much red tape.

Our program in Massachusetts has always been closely associated with every major development in the surplus property utilization program for the past 9 years and we are convinced that efficiency and economy in such a program results from experience based upon a practical approach.

Successful administration and operation of this program requires a close cooperation and team play between the States and the Federal agencies and departments involved. Practically every State in the country now has a substantial investment in personnel and facilities devoted to the problems of: (a) determining the eligibility of educational and health units; (b) as a service agency to these groups we are in a most advantageous position to determine

what types and quantities of surplus property are needed and useful in their educational and health programs; (c) establishing good working relationships with all of the Federal storage and disposal officers in order to screen available surplus property; and, (d) arranging for the allocation of surplus property to the States for distribution to the eligible institutions within the States.

Since the States have made such a substantial contribution, it follows that the Federal Department of Health, Education, and Welfare, and the General Services Administration should be allowed sufficient funds to properly staff and strengthen their program so they can function efficiently and provide the services and leadership to match the States' efforts and thereby make the program more effective.

In conclusion may I point out that in my 9 years experience with this program I can report that all of our schools and hospitals have a tremendous interest in this program and they are constantly requesting us to obtain for them more and more property which they find invaluable in helping them to meet the demands of an ever-expanding program of health and education. We have nowhere near met the needs of our schools and hospitals to date and I personally believe that even if the program were expanded to 10 times its present size it still would not be sufficient to provide relief for their present requirements, let alone the anticipated expansion to meet their ever-increasing demand for services from the public.

May I express the appreciation of my State and that of the schools and hospitals in the State to your chairman, Mr. McCormack, and to this committee for this opportunity to discuss our program. Our schools and hospitals have expressed the sincere hope that you will report favorably on this bill to Congress so as to allow for the improvement of the administration of the program for a better and more effective utilization of surplus Government property for educational and public-health purposes now and for the years to come.

Mr. BARRY. I would like to make a few additional statements in that connection.

Mr. MOSS. Mr. Barry.

Mr. BARRY. We also had a tornado in Waco about the time they had one in Massachusetts, and we opened up our warehouse and were able to give a lot of relief.

Another factor which I forgot to mention in my State agency report from Texas, is that in our area, the Department of Health, Education, and Welfare, region 7, every time any school has a fire, the superintendent of the school immediately gets in touch with his State director and he, in turn, gets in touch with the Department of Health, Education, and Welfare in Dallas.

Health, Education, and Welfare, in turn, gets hold of all the other State agencies so that all of the property that is available in the warehouses of all States in the region is made available to the victim of the fire.

We have had cases where desks, chairs, and other items in the warehouses which had been pledged to certain schools in Texas, were withdrawn and transferred to the school suffering the fire. Emergency transfers of this sort are made from Texas to Arkansas and vice versa. The same is true of other States. This cooperation among the States has occurred at least 20 times in my area.

Mr. MCCORMACK. And the relationship between the State department representatives and the Department of Health, Education, and Welfare has been cordial, I would assume, from what you and Mr. Nolan have said?

Mr. BARRY. Yes, sir.

Mr. MOSS. Well, that would illustrate another need for the continued interest of one Government agency in this program.

Mr. BARRY. I think that same thing is true over the country.

Mr. MOSS. Are there any further questions?

We have here a request from Senator McNamara and from Congressman Magnuson to include statements in the hearings at this point. Without objection, they will be included.

(The documents referred to follow:)

STATEMENT OF HON. PAT MCNAMARA, A UNITED STATES SENATOR FROM THE
STATE OF MICHIGAN

I hope that your committee will recommend favorable consideration for H. R. 3322, which is now before you.

The intent of section 203 of the Federal Property and Administrative Services Act of 1949 was to make available to educational and public-health institutions equipment and similar property declared to be surplus to the agencies which owned it.

That intent is being avoided by some Federal agencies which have this surplus equipment. In many cases the equipment is sold to private dealers who in turn resell it to the institutions which Congress intended should have it free. The institutions must purchase this equipment, at a much greater cost to themselves than the yield to the Government.

The financial plight of our educational and public-health institutions is well known. This bill is intended to protect these institutions against having to subsidize, out of their meager operational funds, the dealers brought into the situation by the Government agencies.

I intend to support the companion measure, S. 1004, in the Senate. I hope it is passed by your body.

STATEMENT OF HON. DON MAGNUSON, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF WASHINGTON

Mr. Chairman and members of the special subcommittee:

I cannot speak too strongly in support of speedy passage of the chairman's bill, H. R. 3322, which will make it crystal clear that educational and health institutions have first claim on Government surplus property.

Since 1912, Congress has passed 15 laws dealing with the donation of property for the public benefit, chiefly for educational purposes. Public Law 152 of the 81st Congress, approved June 30, 1949, provided for the donation of useful and needed real property for school and health purposes, and useful and needed personal property for school purposes. Public Law 754 of the same Congress, approved September 5, 1950, extended the donation of personal property for health purposes.

During the past 8 to 10 years, school and health institutions have received in excess of \$1 billion in real and personal property from the Federal Government. In the State of Washington last June alone, equipment with an original cost of \$258,000 was distributed.

This program has been of inestimable value in aiding schools and other beneficiary institutions all over the Nation.

Yet, during the past year, the Department of Defense, which supplies 90 percent of the Government's surplus property, has issued directives and adopted policies which threaten markedly to reduce if not terminate this valuable and long-established program by requiring that surplus property be sold rather than donated for educational and health purposes.

The alleged justification for this action is said to be found in Public Law 216 of the 81st Congress, approved August 10, 1949, which provides for the establishment of stock funds, or working-capital funds, as a means of obtaining better financial control in the Department of Defense. As stock funds are set up for numerous operations, any surplus property so classified no longer is eligible for donation, but must be sold.

In effect, the Department of Defense takes the position that Public Law 216 permits the amendment by implication of Public Law 152. I challenge that interpretation. I think the language of Public Law 152, Public Law 216, and Public Law 754, as well as their congressional histories clearly demonstrate the will of Congress that the donation of surplus property for schools and health institutions should continue regardless of the establishment of working-capital funds. The enactment of Public Law 754 cannot be reconciled with any other interpretation of the intent of Congress.

The bill under consideration, H. R. 3322, will set at rest any possible misconceptions by specifically providing that no property shall be sold as surplus property, whether or not capitalized in a working-capital fund, until it has been determined whether such property is usable and necessary for educational and public health purposes.

If the new policy of the Defense Department resulted in any economy, there might be some excuse for it. But there is not—it actually costs the taxpayers a great deal of money. The taxpayers support schools and health facilities as well as the Defense Department. The present crisis in the needs of our schools for new classrooms, for equipment, for operation and maintenance expenses and for increased teachers' salaries, has been attested to from all sides. Legislation introduced for outright Federal grants-in-aid to the States for school construction, and even the President's proposals to facilitate school building, demonstrate the interrelationship between Federal and State revenue-raising sources to meet the common problem.

It doesn't make sense for the tax-supported Defense Department to sell a \$100 article today for \$6 instead of giving it to a tax-supported school, when the school tomorrow will have to buy one just like it for \$100.

The value of the surplus-property donation program has been demonstrated conclusively. Many institutions could not provide the services they give today without it. Frequently, Defense Department surplus equipment and supplies are used in training young men and women who go to work in defense establishments. High schools, colleges, parochial schools, hospitals and dental schools have benefited from the program. The variety of articles used includes desks, tables and chairs, lathes, drill presses, motors, electrical parts, airplane engines, hand tools of all kinds, woodworking and metalworking equipment, tractors, trucks, refrigerators, scrap, miscellaneous supplies, and many others.

I have received numerous protests from schools and hospitals in my own State against the Defense Department action. The heads of these institutions cannot understand the pennywise, pound-foolish aspect of the new policy.

I suspect that the Defense Department policy was instituted to permit a better showing to the public of the results of the Department's effort to achieve economy. No bookkeeping entries, however, can hide the essential waste of taxpayers' money that comes from smelting, at a tiny fraction of its cost, property which our schools and hospitals could put to good use.

I urge early enactment of the measure before this committee.

Thank you.

Mr. McCORMACK. May I say that Congressman Thomas J. Lane, of Massachusetts, telephoned me that due to a committee meeting he was unable to be here at this meeting, but he wants to be recorded in favor of the pending bill and the continuation of the program under harmonious conditions.

Mr. Moss. The committee will recess now until 2:30.

(Whereupon, at 12:15 p. m., a recess was taken, to reconvene at 2:30 p. m. of the same day.)

AFTERNOON SESSION

(The subcommittee reconvened at 2:30 p. m.)

Mr. McCORMACK. We will call Mr. Caffrey while waiting for Mr. Jonas to come.

Mr. Caffrey, you are prepared to testify now?

Mr. CAFFREY. Yes, sir. I have a very short statement.

STATEMENT OF CHARLES G. CAFFREY, WASHINGTON REPRESENTATIVE, AMERICAN COTTON MANUFACTURERS INSTITUTE

Mr. McCORMACK. Give your full name and address, Mr. Caffrey, and whom you represent, please.

Mr. CAFFREY. My name is Charles G. Caffrey. I am Washington representative of the American Cotton Manufacturers Institute and

appear today on behalf of that organization, whose home office is in Charlotte, N. C., and the Washington office is located at 1625 I Street NW., Washington 6, D. C.

First of all, Mr. Chairman, I want to thank you for the opportunity of appearing here today. Our organization is the central trade association of the primary cotton textile manufacturers of the United States. It is nationwide in scope, covering all areas of textile manufacture from Maine to Texas, and includes within its membership more than 85 percent of the country's spindles.

First of all, I would like to inform the committee that our industry supports the program of our Government in working out an orderly disposal procedure for Government surplus textiles. It has been our feeling that it would be to the best interests of our Government to dispose of excess textiles wherever possible and whenever they are not needed. However, it has also been our position that the Government should not be permitted to dispose of large amounts of surplus textiles and apparel in our domestic market without first giving full regard for the need and price, and the possible adverse impact such sales might have on the textile industry as a whole.

Mr. McCORMACK. I suppose that may apply to all other business activities too, that observation?

Mr. CAFFEY. You are right, sir.

For several months we have devoted a great deal of time and effort working with the various Government departments on the complexities of surplus-property disposal. We have, during this period, reviewed numerous offerings of textiles and apparel. In the case of relatively small lots, specialized items or salvage goods, we have recommended approval for immediate sale. However, we have requested deferral of certain items, either because the goods were of a type that has always been scarce during wartime or because the items amounted to substantial quantities of new goods in common use for civilian markets.

As an important part of the broad problem, it must be realized that the textile and apparel-manufacturing industries are just beginning to see better business on the horizon after over a year of bad times. For example, in June 1954 employment in the textile-mill-products industry had dropped to 980,000 employees from an average of approximately 1.2 million over the last several years. In apparel manufacturing the comparable figures are 989,000 and 1.1 million. Not only was the constriction of employment severe, but it occurred suddenly and was concentrated in particular areas, so that by June 1954, 50 percent of the surplus-labor areas listed by the Department of Labor were communities where textile and apparel plants had been the primary contributors to unemployment.

The foregoing is brought to your attention for the purpose of highlighting and emphasizing the need for an orderly disposal program of Government surplus textiles. Our industry has found that it cannot compete price-wise in the open market with many surplus textile items, since surplus textiles have been disposed of at prices ranging from 10 to 20 cents on the dollar of acquisition cost. It is true that these textiles are not as appealing as the textiles that might be purchased through the regular commercial outlets, but in many instances they will serve the purpose and supply the need.

Indicative of the interest that the Congress has evidenced in the disposal program of soft goods, I would like to make available for the record a quotation from the Senate mutual security appropriations bill of 1955:

SURPLUS STOCKS OWNED BY DEFENSE DEPARTMENT

It has been represented to the committee that the Department of Defense has in its possession large stocks of surplus soft goods. The committee recommends that the Secretary of Defense, the Secretary of Commerce, and the Director of the Foreign Operations Administration confer with the idea of utilizing these stocks in the mutual-security program in order to conserve funds and to preclude such surplus stocks from being placed on the American market to the detriment of the manufacturers and consumers alike.

It was our intention at that time to see if it were not possible to divert the textiles that were being sold in the market at very low prices to the foreign-aid program; instead of giving these foreign countries dollars, give them textiles that they could use at the reduced price.

In conclusion, it is the opinion of our industry leaders that H. R. 3322, if enacted, would certainly establish a sound pattern and orderly procedure for disposal of surplus textiles generated by the Government departments in the future. It is this kind of long-range program that will be of great assistance in stabilizing the economy of the country and more specifically the employment in the textile industry.

Mr. McCORMACK. Any questions?

Mr. Moss. Mr. Chairman, I would like to have Mr. Caffrey elaborate just a little more on the statement he made prior to his concluding statement.

You would not want the Government, through the Department of Health, Education, and Welfare, to make available to the eligible institutions textiles if they were new?

Mr. CAFFERY. That is correct. We feel if institutions receiving them have adequate appropriations set aside to purchase that particular type of textiles, they should first use those funds. To do other with them would mean diverting goods to them when they have sufficient funds to buy. We feel it is sound for them to receive new goods when they do not have the funds to purchase them.

Mr. Moss. Your general recommendations go beyond the scope of this bill. You are addressing yourself to the overall policy followed in disposing of some of the goods by the Department of Defense under any condition; aren't you?

Mr. CAFFREY. I am referring to all Government agencies; yes.

Mr. Moss. What would you recommend that we do if we have large amounts of new goods that are surplus?

Mr. CAFFERY. Well, if you have large amounts of new goods that are surplus and the Government cannot use, we don't say that you should be held to a hard-and-fast rule. However, we do recommend maximum utilization by all Government agencies.

Mr. Moss. I am interested in the recommendation against making them available if the school or the hospital, or whatever the institution might be, has funds to buy them on the open market. I know in my State virtually every school district is at its legal maximum in levying taxes. Many of the school districts—in fact, I would say a majority of them—have by vote of the people of the district voluntarily exceeded their legal tax rates for a support budget. In addition, the majority of the schools—in fact, I would say probably 80 percent

of the districts—are at their maximum bonding capacity for construction.

If you had a district, a typical California district, operating under a tax rate for support in excess of the legal maximum as a result of the vote of the people, would you say that that school district had funds available, or would you say that they would be entitled under your criteria to participate in the program and receive new goods?

Mr. CAFFREY. Let me answer that question this way: We recognize that oftentimes there are changes in designing and types of goods that are used by the Government, particularly the military. As an illustration take herringbone twill. The military now use a different type of fabric for fatigue clothes, a sateen fabric, which is a better fabric.

I know the Government has in storage thousands and thousands of yards of herringbone twill. It is new. It is as good as the day it came from the loom. We would have no objection to seeing this type of textile given to institutions, since the Government now has a better fabric to use. What we do not want to see is a practice established whereby a Government agency can dispose of new goods by just deciding to give them away to another Government agency. Such a procedure would be a dangerous thing if allowed to take place.

Mr. MOSS. It would be a case of analyzing each type, then, and making a determination in that way, rather than a determination by law?

Mr. CAFFREY. Yes, because we recognize the fact that sometimes you have new goods that are more efficient and better than the old. In a case of this type we would have no objection if these leftovers were given to an institution, even though they were new goods.

Mr. MOSS. That is all, Mr. Chairman.

Mr. McCORMACK. Thank you very much, Mr. Caffrey.

Do you have any other witnesses?

Mr. MOSS. We have Congressman Sisk, of California.

Do you desire to make a statement, Mr. Sisk?

STATEMENT OF HON. B. F. SISK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. SISK. I just have a very short statement, Mr. Chairman, endorsing H. R. 3322.

I appreciate this opportunity to make a brief statement to your committee in strong support of H. R. 3322, which is intended to improve the administration of the program for utilization of surplus property for educational and public health purposes.

I need not remind you of the extremely dire financial situation confronting our school systems throughout the country. The inability of local and State agencies to cope with educational demands finally has caused the administration to propose Federal aid to schools. In passing, I may say I believe the proposals made to the Congress are totally inadequate.

My own State of California has been particularly hard hit in the educational field because of the tremendous influx of population there. As a consequence, citizens of California are being called on to finance education of hundreds of thousands of children who normally would be educated at the expense of the States from which their parents

migrated. It is obvious that these new citizens, while welcome, do not for a number of years contribute equally to taxation for school purposes, so that far heavier burdens are thrown upon persons who have been longer established in the community.

What better way can we utilize property which is surplus to Federal needs than to make it available for education and public health purposes? Certainly, the meager amounts to be obtained through private sale of this property are no bar to its higher and better utilization to partially relieve critical educational and health problems of the country.

I may say that I have received communications from a number of school boards in my district which are struggling to make both ends meet and provide adequate schooling for children. They strongly urge enactment of H. R. 3322. Among those joining in this plea are the Central Union High School of Fresno, Clovis Elementary School, Washington Union High School, Sanger Public Schools, and the Merced School District.

I sincerely hope that through favorable recommendation by your committee we may embark on a program to provide substantial Federal help to education.

That concludes my statement, Mr. Chairman.

Mr. McCORMACK. Any questions, Mr. Moss?

Mr. Moss. No questions.

Mr. McCORMACK. Thank you very much, Congressman.

Assistant Secretary Mintener, Mr. Jonas is not here yet, but I think he will come in in a little while. Will you give your full name and title.

STATEMENT OF BRADSHAW MINTENER, ASSISTANT SECRETARY FOR FEDERAL-STATE RELATIONS, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY MANUEL B. HILLER, CHIEF, SURPLUS PROPERTY BRANCH, OFFICE OF GENERAL COUNSEL; WILLIS T. FRAZIER, CHIEF, DIVISION OF SURPLUS PROPERTY UTILIZATION; THEODORE ELLENBOGEN, LEGISLATIVE ATTORNEY; JAMES W. FORISTEL, ASSOCIATE GENERAL COUNSEL; AND R. J. DE CAMP, DIRECTOR OF FIELD ADMINISTRATION

Mr. MINTENER. My name is Bradshaw Mintener, Assistant Secretary of Health, Education, and Welfare.

Mr. Chairman and members of the committee, we appreciate the opportunity to appear before your committee this afternoon in response to the invitation sent to the Secretary of the Department of Health, Education, and Welfare. Mrs. Hobby asked me to express to you, Mr. Chairman, her regrets that she could not come personally.

I have with me several associates of mine in the Department who will be glad to attempt to answer any questions that you may have after our formal statement.

You will recall, Mr. Chairman, that Congressman Dawson, the chairman of the full committee, sent a copy of your bill to Mrs. Hobby and asked her to comment and to make a report to this committee with reference to H. R. 3322. And, with your permission, I would like to

read into the record and file with the committee, after the reading thereof, this letter, which is our report to the committee. And then, afterward, if there are any questions you have related to it, these gentlemen will attempt to answer them, if that is satisfactory, sir.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 1, 1955, for a report on H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949, so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

This bill would make several amendments to the provisions of the Federal Property and Administrative Services Act of 1949.

1. Section 1 (a) of the bill would insert the following new sentence at the beginning of paragraph (2) of section 203 (j) of the act: "No property (including property capitalized in a working capital fund) shall be sold under this or any other act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research."

The purpose of this amendment is to overcome the effect of an interpretation placed by the Department of Defense on section 405 of the National Security Act Amendments of 1949 (Public Law 216, 81st Cong.), to the effect that property included in the several "stock funds" or working-capital funds established within that Department must, upon becoming surplus, be sold, and the proceeds thereof be deposited to the credit of the appropriate fund, and that such property may not be made available for donation for educational or public-health purposes under section 203 (j) of the Federal Property and Administrative Services Act. That interpretation is embodied in Defense Department Directive No. 7420.1, dated February 1, 1954.

In view of your committee's familiarity with this interpretation and its relation to the program for donation of surplus personal property for educational or public health purposes, we shall not burden this report with an account of the history of this interpretation and of its relation to the intent of the Congress in the enactment of the donation program. Suffice it to say that surplus property of the Department of Defense has been the major source of property for the purposes of the donation program and that the impact of this interpretation upon the continued operation of the donation program is becoming increasingly serious and may eventually, to all intents and purposes, completely disrupt the program.

We, therefore, endorse the purposes of section 1 (a) of the bill to clarify section 203 (j) of the act so as to remove any doubt as to the availability of property in "stock funds" or working-capital funds for donation purposes under the program.

We believe, however, that the particular phrasing of the proposed amendment to section 203 (j) (1) may go further than intended. As it stands, it is open to the interpretation that it would deprive the Administrator of General Services of his basic discretion which he has under the express provisions of section 203 (j) (1). We, therefore, suggest that, instead of the amendment to paragraph (2) of section 203 (j) (1) contained in section 1 (a) of the bill, the committee substitute an amendment to section 203 (j) (1) which would merely insert the following after the words "executive agency" in such paragraph: "including property capitalized in a working-capital fund."

2. Section 1 (b) of the bill would change section 203 (j) (2) of the act, so that determinations whether surplus property is usable and necessary for educational or public-health purposes could be made either directly by the Secretary of Health, Education, and Welfare as at present, or could, instead of being made by the Secretary, be made "under regulations issued by the Secretary," presumably by other agencies authorized by the Secretary. (At the same time the amendment would bring the text of section 203 (j) up to date by substituting the Secretary for the Federal Security Administrator.)

The purpose of this amendment, insofar as it would permit determinations of these educational and health questions by some other agency, is not clear to us. It may have been intended as merely ancillary to the stock-fund amendment, so as to make clear that (under the regulations of the Secretary) surplus personal property plainly unsuited for educational or health purposes—e. g., combat vessels, tanks, etc.—need not be referred to this Department for screening and determination under section 203 (j). Such categorical exceptions, however, can be, and are, established by regulations issued by the Administrator of General Services. If section 1 (a) of the bill is amended as above suggested,

these regulations of the Administrator could, clearly, apply equally to stock-fund property.

Again, if the purpose of section 1 (b) of the bill is to permit delegation of this Department's responsibilities under section 203 (j) to some other department or agency, we believe that the amendment is likewise undesirable. This is true because delegation of this responsibility to another agency would be inconsistent with the purpose of the Congress in vesting this responsibility in this Department because of its special competence in the fields of education and health.

3. The purpose of section 2 of the bill, as we understand it, is to prohibit, for the future, the placing of any restrictions or conditions on the utilization of donated surplus personal property which are designed to assure that the property donated is actually used for the educational or public-health purposes for which the property was given. (Section 2 of the bill seeks to achieve its purpose by amending section 203 (k) (2) of the act by limiting its application to real property instead of having it apply to all property. The actual amendment contained in section 2 of the bill may be technically inadequate to carry out its purpose.)

Section 3 of the bill, which is a transitional provision, would, effective 1 year after the enactment of the bill, terminate all restrictions or conditions on surplus personal property donated prior to the enactment of the bill.

We believe that the enactment of the amendments proposed by sections 2 and 3 would make it impossible to assure that surplus personal property will be actually devoted to the uses intended by the Congress. This would open the door to serious abuses.

Briefly stated, the regulations now in force require that personal property donated under section 203 (j) be placed in actual use by the donee within 12 months after the transfer, and that, when placed in use, the property be used solely for educational or public-health purposes, as specified in the instrument of donation. These restrictions upon use remain effective for 4 years after use of the property by the donee has commenced.

We have been exploring earnestly for sometime the possibility of improving our regulations on this subject so as to limit restrictions on the use of donated property insofar as reasonably consistent with the purpose of the donation. To this end, we are now in the process of revising the applicable provisions of the manual governing this matter. The improvements will be primarily of two kinds. In the first place, we intend to relax the accountability of donees with respect to expendable property. In the second place, we intend to reduce the period of restricted use on motor vehicles from 4 to 2 years.

No doubt other improvements, both in the content and period of limitations on the use of personal property, and in the administration of our compliance enforcement responsibility, will be found. With respect to the latter, the provision of the bill on cooperative agreements, discussed below, should be very helpful. The complete elimination of these safeguards, however, could undermine the integrity of the personal-property donation program.

4. Section 3 of the bill would authorize this Department "or the head of any Federal agency designated by the Secretary" to enter into cooperative agreements with State departments of education or health, and with other State agencies "which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in" section 203 (j) (k). Such cooperative agreements could provide that either the Federal agency or the State agency would assume responsibility for a part of the duties of the other agency relating to the program, and that either agency would make available to the other such property, personnel, or funds as might be necessary to enable it to perform such duties.

Final responsibility for determining whether surplus personal property is usable and necessary for educational or public-health purposes, and for allocation of such property, rests with this Department. To assist us in discharging our responsibility, we now have existing arrangements with a number of State agencies, under which these agencies furnish valuable information in connection with the performance of their own functions under the program. However, certain legal doubts have arisen as to the extent to which the Department could accept additional services of such agencies to assist in the performance of Federal functions. Also, it has been found desirable, but not legally feasible, to assign space to representatives of such agencies in the Department's regional offices for the purpose of assisting the Department in more effectively discharging its responsibilities under the program. These doubts and impediments would be removed by the proposed amendment.

In order to make this provision of the bill fully effective, and also in order to place existing Federal-State relationships under this program on a sounder and firmer basis, we believe that section 203 (j) should be further amended so as to require that, as a condition of participation of a State agency in this program, there must be in effect a cooperative agreement between the Secretary and the agency, such as would be authorized by this bill. These agreements could be utilized as a device for further strengthening the responsibilities of State agencies and reducing the administrative burden at the Federal level, by including in such agreements provisions for utilizing the State agency to the optimum extent in the policing and enforcement of compliance, by donees, with the terms and conditions placed on the use of donated property. This should at the same time make such enforcement more effective and more acceptable to the donees. The ultimate enforcement, as well as the establishment, of terms and conditions governing the use of donated property should, however, remain the responsibility of this Department.

The provision for cooperative agreements in the bill could, no doubt, also be improved in its technical respects. For example, there is no need for the inclusion of authority for the utilization of this Department by State agencies, or for the inclusion of the provision which would empower the Secretary to authorize the head of any other Federal agency to enter into cooperative agreements with State agencies. Also, the provision should not permit any inference that this Department can, through such agreement, divest itself of ultimate responsibility for any function vested in it. We would be glad, if so desired, to have our technical staff work with the committee or its staff in perfecting this and other technical provisions of the bill.

5. Section 4 of the bill would make a technical amendment to section 602 (d) of the Federal Property and Administrative Services Act so as to make clear that the stock-fund amendment to the act is not intended to affect the exemption of certain specified programs (carried on under other laws) from the act. This amendment may need rephrasing if our suggestion with respect to the stock-fund amendment is adopted, but we would defer to the views of the General Services Administration as to the necessity for, and desirable phrasing, of section 4 of the bill.

We are advised by the Bureau of the Budget that it perceives no objection to the submission of this report to your committee, but that such advice should not be construed as implying any commitment as to the relationship of the bill to the program of the President.

Sincerely yours,

OVETA CULP HOBBY, *Secretary.*

Mr. McCORMACK. Any questions, Mr. Moss?

First, might I say that the report is a very frank one, and a very clear and understandable one. To what extent the committee might agree is another question. But I want to compliment the Secretary of the Department on not only the detailed report but the clear and unmistakable frankness of it.

Mr. MINTENER. Thank you very much, Mr. Chairman. I might say that we spent quite a bit of time on this report. We feel our responsibility for this phase of our operation very keenly. We have had our difficulties, but we feel that with this clarification to your bill, which is intended, I know, to deal with this whole situation, we should be able to come up with a solution that would be more satisfactory from every standpoint so far as the States are concerned, and the Federal Government is concerned to this donation problem.

Mr. McCORMACK. I think your statement has clarified the atmosphere considerably.

Mr. Moss.

Mr. Moss. I was interested, Mr. Mintener, in your comments on section 5 of the bill. I think it was indicated by Mr. Barry that we have a number of laws or regulations under which this property has been acquired, and that you have property now in the hands of the schools and other public agencies that falls into 3 or 4 different categories.

Mr. MINTENER. That is right, sir.

Mr. MOSS. Do you feel that, in any action taken in connection with this legislation, we should make uniform all of the provisions that apply to the use of this property and not have it in numerous categories?

Mr. MINTENER. Well, I think clarification certainly would be desirable. As I understand it, from our legal people, some of these regulations which Mr. Barry referred to this morning are still in effect from previous laws that have never been repealed. And that is the difficulty we have with this sort of a popery of regulations here. And we certainly would like anything to be done by this committee and this legislation which would clarify or codify, should I say, these regulations into one uniform system.

Now, I think Mr. Hiller and Mr. Ellenbogen, who have worked with this program for years, might have some further comments.

Mr. HILLER. I think I might say, Mr. Chairman, that some of the remarks Mr. Barry made this morning were directed toward the situation in which the Department of Health, Education, and Welfare found the donable property program to be in when the program was initiated in 1949 by the enactment of 203 (j) of the Federal Property and Administrative Services Act. There were outstanding and unrepealed a number of regulations covering previous programs and donations with respect to which there seemed to be no clear or concise idea as to whether there was any continuing responsibility to assure that the institutions which had acquired property under those previous programs were continuing to make use of the property for the purposes for which given.

The Department of Health, Education, and Welfare did not have then, nor has it now, if I may be permitted to speak for the Department, although I believe this precise question has not been cleared with Mrs. Hobby—did not intend to intrude, shall we say, in those areas for which we were not given specific authority for compliance responsibility under the provisions of the Federal Property and Administrative Services Act.

Under that act we were given responsibility to enforce the terms and conditions pursuant to which property had been disposed of to health and educational institutions, either under the Surplus Property Act of 1944 or under the Federal Property Act itself.

Now, we have attempted to carry out our responsibility in connection with both of those pieces of legislation. We were faced, of course, with situations in which you had a commingling of property which had been acquired under a number of different programs which had preceded the Surplus Property Act and the Federal Property Act. However, we have attempted only to enforce our compliance responsibility as we saw it under the latter two, that is, the Surplus Property Act and the Federal Property Act.

We would have no objection, I believe, to any legislation which would clarify the state of confusion that still exists respecting those other programs. And if we were given perhaps a particular period of time within which to do so, I think we might be able to clear out all of the pending compliance matters that derive from disposals that were initially made under the Surplus Property Act of 1944.

But I believe that our report which Mr. Mintener has read to you fairly clearly states our own feeling and responsibility in connection

with a continuing compliance problem or continuing compliance function in respect to donations of property that were made under the Federal Property Act and will be continued to be made under the Federal Property Act, unless otherwise amended.

Mr. Moss. But you feel, as indicated in your statement, that section 5 should be changed to continue a requirement for compliance?

Mr. HILLER. Yes.

Mr. Moss. Now, in a letter from Mr. McNeil to Secretary Hobby in April 1954, he indicated that they were going to modify Administrative Order 7420.1. Has any modification of that order ever been made, to your knowledge?

Mr. MINTENER. That happened before I came, Mr. Moss, but it is my understanding that those regulations were not issued, no regulations were issued modifying it.

Mr. Moss. Is it your opinion that if the program continues as at present, it will eventually dry up and not be worth while?

Mr. MINTENER. Do you want to comment on that, Mr. Frazier?

Mr. FRAZIER. We believe that with the expansion of the stock fund that the amount of property available, and particularly the quality of property available, will be seriously decreased. Even though our current allocations and donations are higher than they have been for the past several years, we believe that the quality of the property being received has diminished considerably.

Mr. Moss. While the amount presently going in, or that has been going in for the past year, has been greater in volume, percentage-wise it has been less?

Mr. FRAZIER. In 1954 the last study that we made shows that during the first 9 months of the fiscal year of 1954 5.03 percent of the total disposals were being donated to health and education institutions, but for the entire fiscal year only 4.77 percent, indicating that in the last 3 months of the fiscal year 1954 there had been a decrease from the percentage of property donated as to the amount of total disposals.

Mr. Moss. Getting back to this matter of compliance, do you feel that 1 year would afford ample time to clear up your older compliance cases under a former regulation?

Mr. FRAZIER. Well, as Mr. Barry stated this morning, we have been concentrating throughout these past several months, and expect to continue to concentrate during the rest of this fiscal year, on the old cases that were brought up by the General Accounting Office which were the subject of the hearings by the Bonner subcommittee, and later on the Harden subcommittee, as well as these aircraft cases, all of which were cases arising in connection with property disposed of prior to Public Law 152. We have roughly 25 cases that have been referred to the Department of Justice for legal action. I think that in a year's time most of those could be cleared up. I also think that within the next year or year and a half we will have eliminated practically all of the old so-called backlog of compliance cases arising from property that was donated by War Assets Administration prior to the present law.

Mr. McCORMACK. Mr. Secretary, your Department substantially agrees with the bill and its purposes, I take it from your testimony and the testimony of those associated with you?

Mr. MINTENER. That is right, Mr. McCormack; yes.

Mr. McCORMACK. Do you feel that it is desirable in the public interest and that there is public justification for the continuation of this program, the donation program?

Mr. MINTENER. Yes, I think we feel that way.

I might add in answer to your last question further that after you have had a chance to study this report further you will note our comments, particularly with reference to sections 2 and 5. And I might say, Mr. McCormack, in that connection that after you have had a chance to study this report—I realize it is difficult to take in a long report as it has been given—that we want you to please feel free to call upon us, and we will be glad to elucidate it further, or furnish you with any further information you wish.

Mr. McCORMACK. I might say that I have already suggested to the staff that that be done, that they take advantage of your suggestion. Apparently there isn't much area of differences, and what there are ought to be reasonably adjusted.

Mr. MINTENER. I have every reason to believe that we can adjust them.

Mr. McCORMACK. Any questions, Mr. Moss?

Mr. Moss. That is all for the moment, Mr. Chairman.

Mr. McCORMACK. In the section of the act of 1949—I had an important part to play with it, because I offered it as an amendment in the committee—then we had a law that was enacted 40 days later relating to the Defense Department, and then we had an amendment to the 1949 section a year later. Did your legal department give any opinion as to whether or not the Department of Defense had the authority to interpret the provisions of the law relating to the Defense Department, as they did, which affected this particular program?

Mr. MINTENER. I have heard of no such opinion; no, sir.

Mr. McCORMACK. The acts of 1949 and 1950 related to one subject, and the bill passed 40 days after the 1949 act related to another field of activity; did it not?

Mr. MINTENER. Yes; that is right.

Mr. McCORMACK. I won't press that any further. You have been so frank I think I understand your state of mind.

Would you want to have the State people do any screening of property at the various installations?

Mr. MINTENER. Yes; we would.

Mr. McCORMACK. Can your department actually staff this work?

Mr. MINTENER. You mean with our present staff?

Mr. McCORMACK. Yes.

Mr. MINTENER. I don't think so; no, sir.

Mr. FRAZIER. It would be impossible for our staff to screen property.

Mr. McCORMACK. It would be possible, if satisfactory arrangements were made, for State representatives to do the screening; wouldn't it?

Mr. FRAZIER. Yes, sir.

Mr. MINTENER. And our cooperation, as I understand it, has been very satisfactory to the State people.

Mr. McCORMACK. You made some references to agreements with the State people, the State governments. Would that require any—do you have in mind that the several States would have to enact legislation authorizing that?

Mr. HILLER. No, sir; I do not believe that it would be necessary for the States to get any further enabling legislation. However, I can't undertake to speak for 51 State agencies. The cooperative agreements that are contemplated by the bill as I assume them to be are those agreements which would look toward the interchange of information, the permissibility for State employees to perform certain functions which are either quasi-Federal-State, or may even be entirely Federal in nature, which would otherwise be prohibited by the provisions of the Antideficiency Act.

Mr. McCORMACK. In other words, the Department did not have in mind that unless conditions precedent were complied with, that because of the lack of a State law, a State would be denied the opportunity, the State and subdivisions and the institutions within the State would be denied the opportunity of getting the benefits of the donors' program?

Mr. HILLER. Well, sir, we did envisage that the State organizations would file, as they have done to date, plans of operation. This is very typical of the grant-in-aid program operations in other areas that are being administered by the Department of Health, Education, and Welfare.

And under the provision relating to the cooperative agreements, we would work out cooperative agreements which would provide for the interchange of services and information which otherwise might be prohibited by law, that is, Federal law.

Mr. McCORMACK. Pretty much along the lines that has been carried on heretofore between the Department and the State representatives?

Mr. HILLER. Well, sir, it is my understanding that until this point there has been a limitation upon the extent to which these cooperative services could be interchanged by reason of other provisions of law which prohibited the acceptance by the Federal Government of voluntary services. The provision in the bill would authorize a greater interchange of these services, because they would then be authorizing the Federal Government to accept this kind of voluntary service.

Mr. McCORMACK. Outside of that it would be approached along the lines of the relationship that exists now, except a 4-year compliance might be 1 year, or whatever is decided upon, if your suggestions are carried out?

Mr. HILLER. That is right.

Mr. McCORMACK. The thought I had in mind, so that we bring it right to a head, you are not suggesting anything whereby a number of States would be unable to obtain the benefits; you haven't got that in mind?

Mr. HILLER. No, sir.

Mr. McCORMACK. In other words, your opinion is that your suggestion, if adopted, would mean that an agreement, working or cooperative agreement, could be devised where no State would be denied the benefits of the donor's program long?

Mr. MINTENER. We would like to see the maximum benefits.

Mr. McCORMACK. I assume that.

Mr. HILLER. Mr. Chairman, if I may add one further word, we had contemplated that this proposal for the establishment of the filing of a State plan of operation under appropriate regulations would also provide a medium whereby we could acquire a certain amount of assurance that the property that has been contributed and will continue

to be distributed by State agencies would be effectively continued in the educational or health utilization for which it was distributed.

Mr. McCORMACK. Well, isn't it pretty fair to assume that the institutions that would benefit would continue with the use of any property for the purposes donated?

Mr. HILLER. Well, it is a fair assumption, sir. But I feel—and I think it is a necessary concomitant responsibility of the donation program—that we should make certain that the property is continued in use for whatever period of time is the appropriate one.

Mr. McCORMACK. Did your Department enter into discussion with the Defense Department when they promulgated the order about a year ago?

Mr. HILLER. Well, sir, a letter was written by Mrs. Hobby to Secretary Wilson back in March, March 11 of 1954, I believe, in reply to which we received a letter from the Assistant Secretary, Mr. McNeil. I am afraid I don't have the date of the letter, but it was read this morning, or an extract was read this morning. And thereafter a long series of meetings took place between the interested agencies along with other Government agencies in an attempt to work out the proposed amendments to the regulation mentioned in Secretary Wilson's letter.

Mr. McCORMACK. Mr. Secretary, you made reference to expendable property. How would you define or determine expendable property?

Mr. FRAZIER. Sir, we haven't worked out the firm language that we expect to use in defining expendable and nonexpendable property. We did, though, have a committee appointed of 3 of our regional people to meet with 3 of the State agency people, and they have come up with their recommendations, which we are now considering.

Mr. McCORMACK. I note that there are indications from a response received from the Office of the Secretary of Defense that they propose that the HEW buy property from the Department of Defense for donation purposes. You have heard of such a proposal or suggestion, haven't you?

Mr. FRAZIER. Well, there have been various suggestions made as to the possibility of purchasing; yes, sir.

Mr. McCORMACK. What do you think of such an idea?

Mr. FRAZIER. Well, I don't believe it would be satisfactory. There are many States, and many institutions in the States, that are limited by law and can't enter into a purchasing arrangement such as would be necessary to buy property from the Department of Defense.

And again, during war-assets days, when in the early part of the program quite a lot of property was sold at a discount it became quite unsatisfactory, because the priorities were being abused. And I just don't think it would be a very satisfactory solution to a problem such as this.

Mr. ELLENBOGEN. I believe that the proposal is not that the States, but that the HEW, the Department of Health, Education, and Welfare, receive appropriations for the purchase of this property. Is that right, Mr. Chairman.

Mr. McCORMACK. I am in agreement with you. I just asked, for

the record. In case there was any such suggestion as that, I assume that the HEW Department would oppose it, would not favor it.

Is that correct, Mr. Secretary?

Mr. MINTENER. We haven't discussed that, Mr. Chairman, but it would be my offhand opinion that it would be.

Mr. McCORMACK. I understand it was in a letter received this morning.

Mr. ELLENBOGEN. May I ask, Mr. Chairman, does that propose that the Department of Defense receive appropriations which would be available for the purchase of this property—which would be available to the Department of Health, Education, and Welfare for the purchase of this property from the Department of Defense?

Mr. McCORMACK. We have a letter here from Richard A. Buddeke which says, in part:

We recommend that if the bill is considered favorably by your committee, that the following amendments be made thereto:

After line 17, page 3, insert the following: "Appropriations of funds of the Department of Health, Education and Welfare, shall be available for reimbursement to the Department of Defense for the value, as determined pursuant to regulations of the Secretary of Defense, of property donated pursuant to section 203 (j) (1) of this Act."

Mr. ELLENBOGEN. I suppose really what that amounts to in essence is a way of showing the cost of this program to the Department of Defense.

Mr. McCORMACK. I suppose you would want to study that further. Have you any comment to make on that suggestion now?

Mr. MINTENER. Having our difficulties about our own appropriations, I think that would add to them, Mr. McCormack.

Mr. ELLENBOGEN. It seems like a circuitous way of showing the cost of the program.

Mr. McCORMACK. It would be the most effective way of defeating the program, in my opinion.

Did your Department, Mr. Secretary, endeavor to have the Department of Defense relax the scope of regulation 7420.1?

Mr. MINTENER. As I understand, that was the purpose of some 30 or 40 meetings that have been held, at least, to try to work out a solution which they thought was desirable, and that was with the Bureau of the Budget, too.

Mr. McCORMACK. Are there any further questions?

Mr. MOSS. No.

Mr. McCORMACK. Is there any further observation, Mr. Secretary, that you or any of your assistants desire to make? We would be glad to receive them.

Mr. MINTENER. Does anybody have any suggestions? After studying this report, if we have anything further, we will be glad to give it to you.

Mr. McCORMACK. Without bothering you, whom might we contact?

Mr. MINTENER. I would contact Mr. DeCamp, who is the director of our field administration. If he is not there, contact Mr. Frazier or Mr. Hiller, who is the lawyer.

Mr. McCORMACK. They will be contacted very quickly.

Mr. MINTENER. I think Mr. Ward knows all of them.

Mr. McCORMACK. I want to thank you, gentlemen, on behalf of the committee.

I realize that you have not had the advantage of that testimony, Mr. Jonas. The testimony was that, in substance, they agree with the purpose of the bill. They suggested some amendments.

Mr. JONAS. I do not care to ask any questions now.

Mr. McCORMACK. Thank you again, very much. I again wish to express to you the appreciation of the subcommittee for the fine cooperative spirit evidenced by you, Mr. Secretary, and your assistants.

Mr. MINTENER. Thank you very much. Thank you for the opportunity of being here.

May I file this now with you?

Mr. McCORMACK. By all means.

Mr. MINTENER. Thank you very much.

Mr. McCORMACK. The letter from Secretary Hobby will be made a part of the record here.

(The letter from Secretary Hobby to the Honorable William L. Dawson, chairman of the Committee on Government Operations, is as follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, February 14, 1955.

HON. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representatives.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 1, 1955, for a report on H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

This bill would make several amendments to the provisions of the Federal Property and Administrative Services Act of 1949.

1. Section 1 (a) of the bill would insert the following new sentence at the beginning of paragraph (2) of section 203 (j) of the act: "No property (including property capitalized in a working-capital fund) shall be sold under this or any other Act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research."

The purpose of this amendment is to overcome the effect of an interpretation placed by the Department of Defense on section 405 of the National Security Act Amendments of 1949 (Public Law 216, 81st Cong.), to the effect that property included in the several stock funds or working-capital funds established within that Department must, upon becoming surplus, be sold and the proceeds thereof be deposited to the credit of the appropriate fund, and that such property may not be made available for donation for educational or public-health purposes under section 203 (j) of the Federal Property and Administrative Services Act. That interpretation is embodied in Defense Department Directive No. 7420.1, dated February 1, 1954.

In view of your committee's familiarity with this interpretation and its relation to the program for donation of surplus personal property for educational or public-health purposes, we shall not burden this report with an account of the history of this interpretation and of its relation to the intent of the Congress in the enactment of the donation program. Suffice it to say that surplus property of the Department of Defense has been the major source of property for the purposes of the donation program and that the impact of this interpretation upon the continued operation of the donation program is becoming increasingly serious and may eventually, to all intents and purposes, completely disrupt the program.

We, therefore, endorse the purposes of section 1 (a) of the bill to clarify section 203 (j) of the act so as to remove any doubt as to the availability of property in stock funds or working-capital funds for donation purposes under the program.

We believe, however, that the particular phrasing of the proposed amendment to section 203 (j) (1) may go further than intended. As it stands, it is open to the interpretation that it would deprive the Administrator of General Services

of his basic discretion which he has under the express provisions of section 203 (j) (1). We, therefore, suggest that, instead of the amendment to paragraph (2) of section 203 (j) (1) contained in section 1 (a) of the bill, the committee substitute an amendment to section 203 (j) (1), which would merely insert the following after the words "executive agency" in such paragraph: ", including property capitalized in a working-capital fund."

2. Section 1 (b) of the bill would change section 203 (j) (2) of the act, so that determinations whether surplus property is usable and necessary for educational or public-health purposes could be made either directly by the Secretary of Health, Education, and Welfare as at present, or could, instead of being made by the Secretary, be made "under regulations issued by the Secretary," presumably by other agencies authorized by the Secretary. (At the same time the amendment would bring the text of sec. 203 (j) up to date by substituting the Secretary for the Federal Security Administrator.)

The purpose of this amendment, insofar as it would permit determinations of these educational and health questions by some other agency, is not clear to us. It may have been intended as merely ancillary to the stock-fund amendment, so as to make clear that (under the regulations of the Secretary) surplus personal property plainly unsuited for educational or health purposes—e. g., combat vessels, tanks, etc.—need not be referred to this Department for screening and determination under section 203 (j). Such categorical exemptions, however, can be, and are, established by regulations issued by the Administrator of General Services. If section 1 (a) of the bill is amended as above suggested, these regulations of the Administrator could, clearly, apply equally to stock-fund property.

Again, if the purpose of section 1 (b) of the bill is to permit delegation of this Department's responsibilities under section 203 (j) to some other department or agency, we believe that the amendment is likewise undesirable. This is true because delegation of this responsibility to another agency would be inconsistent with the purpose of the Congress in vesting this responsibility in this Department because of its special competence in the fields of education and health.

3. The purpose of section 2 of the bill, as we understand it, is to prohibit, for the future, the placing of any restrictions or conditions on the utilization of donated surplus personal property which are designed to assure that the property donated is actually used for the education or public-health purposes for which the property was given. (Section 2 of the bill seeks to achieve its purpose by amending section 203 (k) (2) of the act by limiting its application to "real property" instead of having it apply to all "property." The actual amendment contained in section 2 of the bill may be technically inadequate to carry out its purpose.)

Section 5 of the bill, which is a transitional provision, would, effective 1 year after the enactment of the bill, terminate all restrictions or conditions on surplus personal property donated prior to the enactment of the bill.

We believe that the enactment of the amendments proposed by sections 2 and 5 would make it impossible to assure that surplus personal property will be actually devoted to the uses intended by the Congress. This would open the door to serious abuses.

Briefly stated, the regulations now in force require that personal property donated under section 203 (j) be placed in actual use by the donee within 12 months after the transfer, and that, when placed in use, the property be used solely for educational or public-health purposes, as specified in the instrument of donation. These restrictions upon use remain effective for 4 years after use of the property by the donee has commenced.

We have been exploring earnestly for some time the possibility of improving our regulations on this subject so as to limit restrictions on the use of donated property insofar as reasonably consistent with the purpose of the donation. To this end, we are now in the process of revising the applicable provisions of the manual governing this matter. The improvements will be primarily of two kinds. In the first place, we intend to relax the accountability of donees with respect to expendable property. In the second place, we intend to reduce the period of restricted use on motor vehicles from 4 to 2 years.

No doubt other improvements, both in the content and period of limitations on the use of personal property, and in the administration of our compliance enforcement responsibility, will be found. With respect to the latter, the provision of the bill on cooperative agreements, discussed below, should be very helpful. The complete elimination of these safeguards, however, could undermine the integrity of the personal-property donation program.

4. Section 3 of the bill would authorize this Department, "or the head of any Federal agency designated by the Secretary," to enter into cooperative agreements with State departments of education or health, and with other State agencies, "which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in" section 203 (j) or (k). Such cooperative agreements could provide that either the Federal agency or the State agency would assume responsibility for a part of the duties of the other agency relating to the program, and that either agency would make available to the other such property, personnel, or funds as might be necessary to enable it to perform such duties.

Final responsibility for determining whether surplus personal property is usable and necessary for educational or public-health purposes, and for allocation of such property, rests with this Department. To assist us in discharging our responsibility, we now have existing arrangements with a number of State agencies, under which these agencies furnish valuable information in connection with the performance of their own functions under the program. However, certain legal doubts have arisen as to the extent to which the Department could accept additional services of such agencies to assist in the performance of Federal functions. Also, it has been found desirable, but not legally feasible, to assign space to representatives of such agencies in the Department's regional offices for the purpose of assisting the Department in more effectively discharging its responsibilities under the program. These doubts and impediments would be removed by the proposed amendment.

In order to make this provision of the bill fully effective, and also in order to place existing Federal-State relationships under this program on a sounder and firmer basis, we believe that section 203 (j) should be further amended so as to require that, as a condition of participation of a State agency in this program, there must be in effect a cooperative agreement between the Secretary and the agency, such as would be authorized by this bill. These agreements could be utilized as a device for further strengthening the responsibilities of State agencies and reducing the administrative burden at the Federal level, by including in such agreements provisions for utilizing the State agency to the optimum extent in the policing and enforcement of compliance, by donees, with the terms and conditions placed on the use of donated property. This should at the same time make such enforcement more effective and more acceptable to the donees. The ultimate enforcement, as well as the establishment, of terms and conditions governing the use of donated property should, however, remain the responsibility of this Department.

The provision for cooperative agreements in the bill could, no doubt, also be improved in its technical respects. For example, there is no need for the inclusion of authority for the utilization of this Department by State agencies, or for the inclusion of the provision which would empower the Secretary to authorize the head of any other Federal agency to enter into cooperative agreements with State agencies. Also, the provision should not permit any inference that this Department can, through such agreement, divest itself of ultimate responsibility for any function vested in it. We should be glad, if so desired, to have our technical staff work with the committee or its staff in perfecting this and other technical provisions of the bill.

5. Section 4 of the bill would make a technical amendment to section 602 (d) of the Federal Property and Administrative Services Act, so as to make clear that the stock fund amendment to the act is not intended to affect the exemption of certain specified programs (carried on under other laws) from the act. This amendment may need rephrasing if our suggestion with respect to the stock fund amendment is adopted, but we would defer to the views of the General Services Administration as to the necessity for, and desirable phrasing, of section 4 of the bill.

We are advised by the Bureau of the Budget that it perceives no objection to the submission of this report to your committee but that such advice should not be construed as implying any commitment as to the relationship of the bill to the program of the President.

Sincerely yours,

OVETA CULP HOBBY,
Secretary.

Mr. McCORMACK. We will next hear from Mr. Harold L. Pearson, the Assistant Director of the Bureau of the Budget. The subcommittee is very glad to hear from you.

STATEMENT OF HAROLD L. PEARSON, ASSISTANT DIRECTOR,
BUREAU OF THE BUDGET

MR. PEARSON. Thank you, Mr. Chairman.

We have not prepared a statement, Mr. Chairman. The position of the Bureau of the Budget was made known in a letter delivered this morning to Chairman Dawson, and upon which we thought we might then attempt to answer any questions.

MR. WARD. We got it this noon.

MR. PEARSON. You did get it?

MR. WARD. Yes.

MR. MCCORMACK. In other words, you prepared the answers to the questions.

MR. PEARSON. We prepared no statement. We said all that we knew in the letter.

MR. MCCORMACK. My understanding is that the report of the Bureau of the Budget is substantially in favor of the legislation; is that correct?

MR. PEARSON. Well, I think that embraces too many subjects to give a categorical "yes" or "no" answer.

MR. MCCORMACK. I appreciate that fact. That is why I used the word "substantially." You can qualify it.

MR. PEARSON. There are at least 5 issues involved in the 5 amendments within the proposed legislation.

MR. MCCORMACK. Would it be fairer to say that the Bureau of the Budget does not look with disfavor upon the purposes of the bill?

MR. PEARSON. Well, there again, the purposes seem to be multiple. That part of the purpose which would consider surplus property accounted for within stock funds, in the same manner as other surplus property, if that is what the amendment contemplates, has the support of the Bureau of the Budget.

I am not sure that section 1 of the amendment accomplishes that, if that is in fact the intention.

The manner in which section 1 is written, however, we believe will not accomplish the purpose of considering stock funds surplus property in exactly the same category as nonstock fund surplus property and would result, we believe, in an unfortunate delay. We believe the wording of this section would result in an unfortunate delay due to the procedural requirements which would precede the disposal of any surplus property, whether it were of the nature that could be used by schools or educational institutions, or not.

Section 1 of the bill, if I may read a couple of paragraphs from the letter, although if the letter has had circulation I might save your time.

MR. MCCORMACK. I have not seen the letter yet. I do not think that any other member has. It only arrived at noontime.

MR. PEARSON. We sent it up just before noon.

MR. MCCORMACK. That is no criticism one way or the other. Would you mind reading the letter?

MR. PEARSON. Yes, sir.

This is in reply to your letter of February 1 which requested a report and comments from the Bureau of the Budget on H. R. 3322—

and describes the title.

It appears that H. R. 3322 is intended primarily to settle the questions which have arisen as to whether surplus property carried in revolving stock funds is available for donation in the same manner as other personal property. Ordinarily the system of accounting for and managing property should not determine whether the property is eligible for donation. The Bureau recognizes, however, that the Department of Defense is required to attain improved management of its property through the use of revolving stock funds. The successful use of such funds depends in some degree upon the extent to which their capital is maintained unimpaired. Since administrative reconciliation apparently cannot be achieved between the objectives of the donation program and the objectives of the revolving stock funds, action by the Congress may be necessary to clarify its intent on this issue.

Section 1 of the bill would prevent the Government from selling any of its surplus personal property until the Department of Health, Education, and Welfare had determined whether it was usable and necessary for educational or public health purposes. The bill would not require donation after such determination had been made, however, and the language of this section fails to clarify the intent of the Congress with respect to the donability of stock-fund property.

The Bureau is opposed to the provisions of this section as now written because it would complicate and delay the orderly disposal of all surplus property by requiring a prior review of all property, regardless of whether it is usable and necessary for educational or public-health purposes and regardless of whether it is carried in a working capital fund.

If we are correct in believing that H. R. 3322 is intended primarily to make clear that stock-fund property is donable for education and public-health purposes we believe this objective could be accomplished without disrupting the orderly disposal of all surplus property. As an alternative, we suggest that section 203 (j) (1) of the Federal Property and Administrative Services Act of 1949, as amended, be further amended by adding a sentence stating that surplus personal property capitalized in working capital funds shall be considered as donable on the same basis as other surplus personal property.

Section 2 of the bill would eliminate the authority of the Secretary of Health, Education, and Welfare to enforce compliance on the part of donees with restrictions placed on the use or sale of surplus personal property at the time of donation. We would endorse this provision of the bill provided it is made clear that the Secretary of the Department of Health, Education, and Welfare would continue to have (a) responsibility for determining the need and usability of surplus property prior to its donation; and (b) for taking steps to assure that State agencies have adequate and effective systems for distributing such property to qualified users.

Section 3 of the bill would authorize the Secretary of Health, Education, and Welfare to enter into cooperative agreements with the State agencies for carrying out the donation program. The language would permit employees of State agencies and those of the Department of Health, Education, and Welfare to perform each other's duties. The Bureau does not object to cooperative agreements permitting cross-servicing with respect to service functions and routine operations provided there are adequate fiscal controls.

The Bureau is strongly opposed, however, to arrangements which could be authorized by this section permitting delegation to State agencies of basic Federal functions, such as the allocation of property for donation, the determination of the need and usability of property for educational and health purposes or the performance of essential inspections and audits of the State systems.

Section 4, which would continue exemptions specified in section 602 (d) of the Federal Property and Administrative Services Act of 1949, as amended, appears to be unnecessary but we do not object to it.

The effect of section 5 is to supplement the provisions under section 2 by placing a 1-year statute of limitations on the enforcement of restrictions upon the use of property previously donated. The purpose of this provision seems to us to be sound, but it should be amended so as not to affect criminal or civil judicial proceedings already commenced prior to the enactment of the bill.

We are of the opinion that H. R. 3322, if amended by suggestions along the lines proposed above, would clarify the question of applicability of the donable property program to surplus property carried in working capital funds and would provide other administrative improvements in the donable property program.

That is a long-winded way of saying that I could not answer "yes" or "no," because we have viewpoints on both sides of the question.

Mr. McCORMACK. Mr. Pearson, when I said "substantial agreement," I was basing it upon information that I had received.

I think the letter from the Bureau of the Budget is a very frank one, like the one from Mrs. Hobby's Department.

Based on this letter, so far as I am concerned, there is no need of my asking you any questions. The letter is very clear. The position of the Bureau, to the extent that I agree with it, where the Bureau disagrees with the purposes of the bill, those are areas of differences that might be worked out.

We have a very frank report from Mrs. Hobby and her Department.

Might I suggest that the representatives of the Bureau of the Budget and the Department of Health, Education, and Welfare, get together and prepare a bill to submit to us for consideration.

Mr. PEARSON. We would be very happy to undertake our share of that assignment, Mr. Chairman.

Mr. JONAS. Mr. Chairman, would you yield?

Mr. McCORMACK. Yes.

Mr. JONAS. I was going to make a comment, instead of asking a question. As I heard the letter read, I do not feel that there is any substantial disagreement. I thought the objections were to the language or the technical part.

Mr. PEARSON. It is to the draftsmanship of the bill, rather than to the substance of the bill that we address ourselves, and to the basic underlying philosophy that self-inspection, self-audit, is poor practice, and that we should retain in complete Federal control the inspection and audit of the distribution to qualified donees of property so donated.

Mr. McCORMACK. Recognizing, I suppose, that too long a period is undesirable.

Mr. PEARSON. I believe so; yes, sir.

Mr. McCORMACK. But still, the Assistant Secretary, Mr. Mintener, indicated that they are considering now a change in the regulations. You heard him testify to that effect?

Mr. PEARSON. I heard part of it; yes, sir.

We believe that clear title should pass at some proper time on donable property. We believe, however, that until title clearly passes, supervision by inspection and audit should remain a Federal responsibility.

Mr. McCORMACK. Are there any further questions, Mr. Jonas?

Mr. JONAS. No.

Mr. McCORMACK. Mr. Moss?

Mr. MOSS. I have just one, Mr. Chairman.

In the second paragraph of the letter you state that the successful use of such funds depends in some degree on the extent to which their capital is maintained unimpaired.

In the disposal of surplus, is it possible to maintain the capital on a capitalized inventory base?

Mr. PEARSON. Not 100 percent.

Mr. MOSS. Even relatively unimpaired, when your recovery is only about 6 to 10 cents on the dollar?

Mr. PEARSON. To that extent, the impairment is a complement of that figure—the difference between that and 100 percent.

Mr. Moss. There is substantial impairment of the capitalization at that point?

Mr. PEARSON. Yes, sir. We have maintained consistently from the very beginning that the position of the Department of Defense in this matter was straining at a small percentage rather than the basic substance of their position. We have not been able to prevail.

Mr. Moss. When we compare what is recovered in the type of disposal program now in use and a donable program, we are actually straining a gnat's eyebrow because the differences are minute.

Mr. PEARSON. On some items of merchandise we are, but on others we are not.

Mr. Moss. But what would the average be?

Mr. PEARSON. I think it is dangerous to use "averages" because, on the one hand, we are considering the acquisition value of a complex electronic high-speed cannon, let us say, sold for scrap iron, and on the other hand we are considering brand new, still originally packaged, mimeograph paper, let us say, having essentially full civilian utilization, and something like that in value.

Mr. Moss. Do we get anywhere near civilian value in offering these?

Mr. PEARSON. It ranges all over, from very low, like the scrap value, to considerably more than cost value, in some instances. Averages are misleading, except to give a composite impression of aggregate insignificance of effect in total.

Mr. Moss. Figuring the exact amount that has gone into this program for use by the schools and hospitals, the total realization by the Department or by a Department upon disposing of surplus would not be materially affected by the donable surplus program, would it?

Mr. PEARSON. My impression, or our impression, is that the stock fund regulations issued by the Department of Defense in February, 1954, and unfortunately approved at that time, or just prior to that time by the Bureau of the Budget—but approved by the Bureau of the Budget with consideration only of their accounting solidness and significance—not that it occurred to anybody then and there, that it had an implication beyond that—when that implication became clear we took the position in June of last year, and have tried repeatedly since then to accomplish an administrative reconciliation to reverse the position of the February 1 directive without success.

We are in a position to approve or disapprove that which is presented to us in this matter. We are not in a position to initiate a mandatory requirement for a different viewpoint, especially when legal issues are involved, as they are in this matter.

Mr. Moss. Of course, this program is a matter of choice by the Defense Department and not a matter of mandatory requirement.

Mr. PEARSON. That is right, but we have not felt that we should mandatorily require the Defense Department to abandon a conscientiously held position. Rather, as we cleared their comments for this committee, that they should be given every opportunity to express their earnestly held viewpoints. And you gentlemen weigh carefully the opposing views and reach the conclusion as to your recommendations.

Mr. Moss. I merely wanted to try to establish the fact that they would not be successful in avoiding substantial impairment of their capitalized inventories.

Mr. PEARSON. There would be a certain loss.

Mr. Moss. Or obsolescence.

Mr. PEARSON. The loss is incurred at the time of procurement or during use, or at the time passage that brings about obsolescence.

Mr. Moss. That is all, Mr. Chairman.

Mr. McCORMACK. Are there any further questions?

Mr. JONAS. No.

Mr. McCORMACK. No; thank you, Mr. Pearson.

Mr. Ward will make contact with you and the other agencies, so that your representatives can get together with him to see if the differences can be ironed out.

I might say that these hearings have proceeded much quicker than expected, due to the cooperation of yourself and Mrs. Hobby's Department. I think that we have clarified the atmosphere, on what we ought to be able to develop, the end that we all desire, and to continue under healthy conditions the donable program.

Mr. PEARSON. It is our sincere hope that you would accord to the viewpoint of the Department of Defense the same objective reception that you have to the other viewpoints, because they are held sincerely.

Mr. McCORMACK. I am a great believer in a powerful military organization in these days, but on this particular subject I am going to listen to them with caution.

Mr. PEARSON. Thank you.

Mr. McCORMACK. Without objection, the report from the Comptroller General will be inserted in the record at this point, as well as the report from the Treasury Department, as well as a report from the President of the Board of Commissioners of the District of Columbia, as well as a report from the Veterans' Administration.
(The reports are as follows:)

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, February 14, 1955.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives.*

DEAR MR. CHAIRMAN: Reference is made to your letter of February 1, 1955, acknowledged by telephone February 3, requesting a report on the bill H. R. 3322, 84th Congress, 1st session, entitled "A bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes."

It is understood that the amendment proposed by section 1 (a) of the subject bill is to insure the inclusion within the provisions of section 203 (j) of the Federal Property and Administrative Services Act of 1949 (63 Stat. 386), as amended by section 4 of Public Law 754, approved September 5, 1950 (64 Stat. 579), of all property determined to be usable and necessary for educational purposes or public health purposes, including research, particularly property capitalized in working-capital funds such as those authorized to be established in the Department of Defense under authority of section 405 of the National Security Act of 1947, as added by section 11 of Public Law 216, approved August 10, 1949 (63 Stat. 587). In our opinion, the language of the amendment appears to be sufficient to accomplish the intended purpose.

The change proposed by section 1 (b) of the bill would bring the provisions of section 203 (j) of the act in accord with Reorganization Plan No. 1, dated March 12, 1953 (67 Stat. 631), which abolished the Federal Security Agency and transferred all functions of the Federal Security Administrator to the Secretary of Health, Education, and Welfare. Also, the proposed addition of "or under regulations issued by," would enable the Secretary to prescribe standards under which Government agencies may make determinations whether surplus property is usable and necessary for educational purposes and public health purposes, including research, and thus provide an alternative to the present requirement that such determination be made by the Secretary.

Under the terms of the Federal Property and Administrative Services Act of 1949, as amended, surplus property is transferred to educational and medical institutions for specified uses, subject to various terms, conditions, and reservations. Section 203 (k) (2) of the act permits the head of the interested Government agency, subject to disapproval by the Administrator of General Services, to enforce compliance with such terms, conditions, or reservations; to reform, correct, or amend the instruments of transfer; and to grant releases (including conveyances by quitclaim deed, in the case of real estate) from such conditions, reservations, and restrictions to the original transferee or to another eligible user. The amendment proposed by section 2 of the bill to insert "real" immediately before "property" where it appears in subparagraphs (A) and (B) of section 203 (k) (2) would remove the present authority outlined above with respect to personal property. While the desirability of placing conditions or restrictions on the use of surplus personal property by educational and health institutions, and the authority to enforce compliance, is primarily a matter for determination by the Congress, experience in the surplus-property program has illustrated the need for certain measures of control by the Federal Government to insure against the channeling of surplus property to uses not contemplated in the transfer agreements. In this connection, many instances of unauthorized use were brought out in the hearings held April 20-24, 1953, on the donable surplus property program before a subcommittee of the Committee on Government Operations, House of Representatives, 83d Congress, 1st session, which indicated that a tightening rather than relaxation of controls should be undertaken. The amendment proposed by section 2 of the bill would, in our opinion, not be in the interest of protecting the disposal program as contemplated by the act since it divests the Federal Government of its present authority to enforce compliance with the uses for which surplus personal property is made available for educational and health purposes. Accordingly, favorable consideration is not recommended.

Section 3 of the bill proposes to amend section 203 of the act by adding a new subsection to authorize cooperative agreements between Federal and State authorities in the program for the utilization of surplus property for educational and health purposes. It provides that such agreements may provide that either the Federal agency or the State agency will assume responsibility for a part of the duties of the other agency which relates to the program, and that either agency will make available to the other agency such property, personnel, or funds as may be necessary to enable it to perform such duties. While it is recognized that a successful distribution program would appear to be largely dependent upon the fullest cooperation between Federal and State authorities, it is not believed that the duties of Federal administration should, by the means of cooperative agreements, be vested in State authorities. Particularly is this so with respect to the compliance provisions of section 203 (k) of the act, since it would place the State agencies in the position of being responsible for enforcing compliance with restrictions and conditions placed upon the utilization of property donated for their use. In addition, section 3 would be the basis for requests for the appropriation of Federal funds for State use in carrying out any Federal responsibilities that may be delegated. In view of the foregoing, favorable consideration of section 3 is not recommended.

Section 4 of the bill would amend section 602 (d) of the act by inserting after "Nothing in the act" the following: "(including the first sentence of sec. 203 (j) (2))." This change is necessary in order to preserve the saving provisions of section 602 (d) in the event the amendment proposed by section 1 (a) of the bill is adopted.

Section 5 of the bill would remove, after the period of 1 year of enactment, the existing restrictions or conditions on the utilization of surplus personal property previously placed on transfers thereof under authority of the Surplus Property Act of 1944, as amended, and section 203 (k) (2) of the Federal Property and Administrative Services Act of 1949, as amended. Should the amendment proposed by section 2 of the bill be adopted, restrictions or conditions on the utilization of surplus personal property would no longer be required. Section 5 is therefore proposed for the purpose of releasing the recipients of surplus personal property from the restrictions and conditions now in existence under present requirements. Our comments regarding section 2 of the bill are equally applicable to section 5 and accordingly approval is not recommended.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

TREASURY DEPARTMENT,
GENERAL COUNSEL,
February 9, 1955.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D. C.*

MY DEAR MR. CHAIRMAN: Further reference is made to your letter of February 4, 1955, requesting a statement of this Department's views on H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

The proposed legislation would make certain changes in the disposition of surplus property which is designated for educational or public-health purposes. In addition, it would authorize the Secretary of Health, Education, and Welfare, or any other head of a Federal agency designated by that Secretary to enter into cooperative agreements with State agencies charged with the utilization of surplus property under this program.

Since this proposed legislation relates to matters not within the jurisdiction of this Department, the Treasury does not wish to make any recommendations on the merits of the bill.

Very truly yours,

DAVID W. KENDALL,
General Counsel.

FEBRUARY 10, 1955.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
United States House of Representatives,
Washington, D. C.*

MY DEAR MR. DAWSON: This is in reply to your request for a report on H. R. 3322, a bill to amend the Federal Property and Administration Services Act of 1949, so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

The first section of the bill adds language to section 203 (j) (2) of the act which would require that no property including property capitalized in a working-capital fund, be sold as surplus property until it is determined whether such property is usable and necessary for educational or public-health purposes. The Federal Property and Administrative Services Act does not now specifically mention property capitalized in a working-capital fund. The amendment would make clear that such property is subject to the provisions which govern the disposal of other Government-owned property as surplus property.

The second section clarifies language so that it is made clear that it is real property rather than property which is the subject of paragraphs (A) and (B) of section 203 (k) (2). These paragraphs authorize and direct the Secretary of Health, Education, and Welfare to determine and enforce compliance with the terms and conditions of any instrument by which property is transferred to States, political subdivisions of States, and tax-supported and other nonprofit institutions operated for educational or public-health purposes.

Section 3 of the bill authorizes the Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, to enter into cooperative agreements with State agencies which are responsible for carrying out in the States the program for the utilization of surplus property for educational and health purposes. Such agreements would provide that either the Federal agency or the State agency may assume responsibility for a part of the duties of the other agency which relate to such program and that either agency may make available to the other agency such property, personnel, or funds as may be necessary to enable it to perform such duties.

Section 4 contains a technical amendment felt to be desirable as a result of the amendment made by the first section of the bill.

Section 5 provides, with respect to surplus personal property donated or sold at a discount for educational or public-health purposes prior to the enactment of the bill, that no restrictions or conditions on the utilization of such property shall remain in effect after 1 year after the enactment of the bill.

It is believed that the provisions of the bill are desirable with respect to the interests of the Federal and State Governments (including the District of Columbia). The Commissioners therefore recommend favorable action thereon.

Time has not permitted ascertainment of the views of the Bureau of the Budget with respect to the contents of this report.

Yours very sincerely,

SAMUEL SPENCER,
President, Board of Commissioners, District of Columbia.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
February 11, 1955.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D. C.*

DEAR MR. DAWSON: This is in reply to your letter of February 4, 1955, requesting a report by the Veterans' Administration relative to H. R. 3322, 84th Congress, a bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

The bill proposes to modify the laws relating to the disposition of surplus Government property for educational and public health purposes.

Under section 203 of the Federal Property and Administrative Services Act of 1949 (63 Stat. 385), as amended (40 U. S. C. 484), provision is made whereby the General Services Administration may, under stated conditions, dispose, or direct disposal, of surplus Government real and personal property, determined to be usable and necessary for educational or public health purposes, to tax-supported and nonprofit educational and medical institutions, either directly or through State departments of education or health. The bill proposes to modify these provisions of law apparently to require that no surplus property will be disposed of until it has been determined whether or not it is usable and necessary for educational or public health purposes. H. R. 3322 would also authorize the Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, to enter cooperative agreements with State departments of education or health and with other State agencies responsible for carrying out the program for the utilization of the mentioned classes of surplus property, whereby either the Federal or State agencies could assume responsibility for a part of the duties of the other agency relating to the program, and either agency could make property, personnel, or funds available to the other necessary to enable it to perform such duties. Section 5 of the bill would also eliminate, 1 year after the enactment of the bill, any restrictions and conditions which have previously been imposed on the utilization of surplus personal property donated or sold at a discount for educational or public health purposes.

With the exception of the first section of H. R. 3322, it appears that enactment of the bill would have little, if any, effect on the activities of the Veterans' Administration. As previously indicated, real and personal property determined to be excess to the needs of the Veterans' Administration is disposed of by, or under the direction of, the General Services Administration. Regulations of that agency provide in part for the disposition by designated Federal agencies of certain personal property excess to the needs of the agency concerned, without reporting such property to General Services Administration.

In connection with the disposition of nonreportable personal property owned by the Veterans' Administration supply fund (established by the Second Independent Offices Appropriation Act, 1954 (67 Stat. 187, 193; 38 U. S. C. 12a)), the question arose whether the Veterans' Administration had to donate it to tax-supported and nonprofit educational and medical institutions under subsection 203 (j) of the Federal Property Act, before offering it for sale. Informal contact was made with the General Services Administration which advised that they would consider issuing regulations clarifying what types of property would be regarded as donable property under the mentioned act. Pending the receipt of a regulation, the Veterans' Administration is disposing of surplus personal property owned by its supply fund by means of sale. It appears that the enactment of the first section of H. R. 3322 could be urged as a basis for General Services Administration to provide in its regulations for the donation for the purposes indicated of property owned by a working-capital fund.

The Veterans' Administration is opposed in principle to legislation which, if enacted, would have the effect of impairing or weakening its supply fund. Based on experience, however, it appears that the loss to the supply fund resulting from

donations which the Veterans' Administration might be required to make if the first section of H. R. 3322 is enacted would be relatively small and, accordingly, is not considered a basis for objecting to such enactment.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of this report to your committee.

Sincerely yours,

JOHN S. PATTERSON,
Deputy Administrator

(For and in the absence of the Administrator).

Mr. BARRY. I would like permission to insert the report on behalf of the Texas Surplus Property Agency. It covers an entirely different phase of the situation than I discussed this morning, as chairman of our national association. I think this statement that I want to introduce brings out some pertinent points as to the type of property that we are losing.

Mr. McCORMACK. Without objection, that will be done, and as a part of your original testimony, that is, succeeding your original testimony. It will be made a part of the record at that point.

Mr. WARD. We have Mr. Maxwell Elliott of the GSA here.

Mr. McCORMACK. We will be very glad to hear from you, Mr. Elliott.

STATEMENT OF MAXWELL H. ELLIOTT, GENERAL COUNSEL, GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY JOHN THOMAS, DIRECTOR OF PERSONAL PROPERTY UTILIZATION DIVISION; AND LEWIS C. TUTTLE, DEPUTY DIRECTOR, PERSONAL PROPERTY UTILIZATION DIVISION, FEDERAL SUPPLY SERVICE, GENERAL SERVICES ADMINISTRATION

Mr. ELLIOTT. Mr. Thomas is with me, Mr. Chairman. He is the Director of our Personal Property Utilization Division.

We do not have a formal report to present to the committee at this time for this reason: We had assembled our ideas and comments and discussed them with Mr. Mansure, the Administrator, on Friday, which he approved. We then prepared the text of the report, but Mr. Mansure is out of town today. He has, as you know, a very deep personal interest in bringing efficient businesslike conduct into the business of the Government. He also has a very deep interest in the health and education of our Nation. Because of that we thought it advisable for him to see the actual text of the report and look at it before we submitted it.

Since Mr. Mansure had approved the basic ideas, they were incorporated in a draft report and on last Friday evening, at the meeting of the Budget Bureau, we left them a draft of the proposed report. I was very happy to hear Mr. Pearson give that report, only in better language than ours. In other words, our position is substantially that as expressed by the Director of the Bureau of the Budget.

We feel that under the act as originally passed, particularly with the amendment embodied in Public Law 754, 81st Congress, that the Federal Property Act is paramount to the stock-fund provisions. (See formal legal opinion of February 18, 1955, of General Counsel of General Services Administration, on this point, appendix II, p. 315.)

I recognize that lawyers will differ.

When Mr. Jonas last year was on the Appropriations Committee, he used to ask me why we had so many lawyers in General Services

Administration. Well, one of the reasons is that lawyers among the executive branch differ in their interpretations, and we have to spend a lot of time and work on these things. For that reason, we welcome this legislation in order to clarify beyond all doubt the intent of the Congress and to stop the lawyers' arguments so that then perhaps we will not need so many lawyers in the next period, until the next disagreement arises.

There are a couple of comments that I would like to make, if I might, sir, that I do not believe were touched upon.

One is in connection with restrictions.

Section 5 of the bill as it now reads relates apparently only to restrictions and conditions imposed prior to the enactment of the bill as law.

We in General Services Administration have had some limited experience in compliance on restrictions, because as has been testified previously, under some of the other laws, the compliance activity was inherited by General Services Administration.

Frankly, we found that from our limited experience, and we cannot speak for HEW, the cost of compliance is not worth the gain. It is unworkable and somewhat unrealistic.

Therefore, we would very frankly recommend the elimination of these particular restrictions on particular property, but in lieu thereof, so that you would not lose all Federal control, we would suggest that the Congress vest in the Secretary of Health, Education, and Welfare an affirmative authority to suspend a State from the donable property list for periods of time when it appears to the Secretary that the State was not making proper use of the property donated.

In other words, as we look at it, the end result would be a self-policing proposition on the States, and if the State had a bad actor, I just feel that the State will know how to take care of its own bad actors.

At the same time, the Secretary of Health, Education, and Welfare would have authority to call in the State if a State got out of bounds, or if a State failed to police itself, and say, "Look, boys, you are getting out of bounds," or, "Some of your people are, get your house cleaned, or we will have to suspend you from the list until you do remedy the situation."

That would be our suggestion, sir, for the handling of the restrictions provisions.

One other aspect that I would like to touch upon, that is, we feel the same considerations that apply to stock-fund property with reference to the donation program should also apply to utilization of excess property.

Mr. McCORMACK. Do you mind if we interrupt? I am sure that Mr. Jonas, after we had a little colloquy, both of us have a meeting of the minds. Would you want to ask him some questions on that suggestion of his?

Mr. JONAS. I was a bit intrigued at all of this authority that you want to give the Secretary of Health, Education, and Welfare to control the States.

Mr. McCORMACK. To convict the States.

Mr. JONAS. To convict them; yes. [Laughter.]

Mr. ELLIOTT. On the contrary, sir; I am afraid I did not make my point clear. The Secretary presently does have that authority. I was merely suggesting that the Congress make this point clear by specific

reference. The point is that now under the present regulations, as was brought out by Mr. Barry this morning, restrictions are placed on particular pieces of property in their use, and the Federal Government, through HEW, has to go out of the State, to the local school board in the individual school district, and see if they are using that properly. And what I was suggesting is that that individual policing of particular property be left to the States, and that the Secretary's sole remedy be in effect to deal with the State and to require the State to police its own house and keep it in order.

Mr. JONAS. You mean instead of undertaking to exercise any police powers over the institution that it would deal directly with the State?

Mr. ELLIOTT. That is correct, sir.

Mr. McCORMACK. You would not go so far as to suspend the State getting the benefits? Is not your idea, your suggestion, more on policing by the State, retaining the power where there is individual violations, too, through the State, to reach those individual violations, rather than saying to an entire State that, "Your benefits under this program are suspended for a week or 2 weeks or a month"?

If you did that, we would have another revolution.

Mr. ELLIOTT. Mr. Chairman, it has been done in other programs, as you know, sir.

Mr. McCORMACK. I know, but there is a difference—this is much different.

Mr. JONAS. It is not as satisfactory to the States in the others; is it?

Mr. ELLIOTT. I just feel that under the present system compliance by the Federal Government—at least it has been our experience—is inadequate because you do not have the staff and you cannot get the appropriations for the staff to police every individual piece of property that goes to every institution. At the same time, as long as that primary responsibility is vested in the Federal Government I am not sure that the States, not having the responsibility, are fully as diligent in keeping their own house in order as they might be.

I am suggesting, therefore, do not divide the responsibility—make the state responsible for the individual violations—but give the Secretary of Health, Education, and Welfare a little bit of a sanction on the State to see that it is done.

Mr. McCORMACK. If you have that in mind, instead of imposing punishment upon a State as such, and all of the political subdivisions, and all of the colleges and the hospitals and the schools that are the beneficiaries under this program, would it not be more consistent—I am just exploring now, I am not challenging what you have said—with your suggestion that the Secretary of Health, Education, and Welfare would have the power where there is a noncompliance to a point where action should be taken to direct the State in relation to the particular beneficiary within a State, to say whether it is a college or a hospital, that any suspension of the benefits should apply to the violator?

Mr. ELLIOTT. I think there again you are putting the Federal Government back into the individual compliance business. If I can use an analogy—and like all analogies it has many flaws—I think in our small law office in General Services Administration, if some of the individual attorneys make mistakes of law, draft bad documents, it does not seem to me that it is up to Mr. Mansure, the Administrator,

to go down himself and find that out and impose the sanctions on the particular lawyers.

He looks to me, and he says to me, "Max you get your law office in order or we will get somebody else who can keep it in order."

It was that sort of relation that I was suggesting.

Mr. JONAS. May I interrupt there to ask a question?

Mr. ELLIOTT. Yes.

Mr. JONAS. This subject is pretty new to me. Why can we not trust the States with this problem? We give as the reason, one of the reasons, for this approach that this money was taken from the States in the first place. The property belongs to the people. If we cannot trust the States, why should we trust somebody working for the Federal Government to do it correctly? Why can we not just allocate this property to the States on some basis and let them administer it?

Mr. ELLIOTT. Could Mr. Thomas answer that question?

Mr. JONAS. Yes; anybody who can.

Mr. ELLIOTT. He is the operating man. He knows more about operations than I ever will.

Mr. THOMAS. I go back to what Mr. Ward said earlier this morning that we are only custodians of the property.

My own personal opinion is that you can trust the States and that you can trust a Federal employee.

I believe as custodians, however, of this property, being a Federal employee, that we should have some means, or there should be some means developed—I am open to exploring it—for being able to work with the State, turning the property over to them, and that from there on the State picks up the responsibility.

Mr. McCORMACK. Are there any further questions?

Mr. JONAS. That was the only question I had.

Mr. McCORMACK. Would you be willing to have representatives of your legal staff cooperate with the committee through its staff member and the other representatives of the legal divisions of the other agencies in discussing this?

Mr. ELLIOTT. We would be very happy to do so.

Mr. McCORMACK. I do not see that there are many points of difference. As a matter of fact, the area of difference has been reduced considerably.

Mr. ELLIOTT. We would be very happy to work with the staff. I would like to make two quick comments, if I might, that they might consider.

One, I think it should be made clear that property that is in trust funds—and by trust funds I am talking about money that is derived from private sources, such as the Railroad Retirement Board funds—should not be subject to donation. There are not many of them around the Government, but there is property involved which is not the property of all of the taxpayers. It is the property of certain individual groups. There is some property of the Federal Reserve Board, also, which is another example. It is that type of thing that I refer to. They are presently excepted in the act. I think that exception should be continued.

Mr. McCORMACK. That would be section 4, the protective feature?

Mr. BARRY. Does that become surplus?

Mr. ELLIOTT. That type of property becomes surplus. It does become surplus.

Mr. McCORMACK. We will keep that in mind.

Mr. ELLIOTT. The bill is not clear on that point.

The other point that I would like to make, sir, is that we feel that the same considerations regarding availability of stock-fund property should apply not only to donations, but also to the use of excess property by other Federal agencies. In other words, under the present law, as we look at it, all property, including stock-fund property, is available for transfer, for use among Federal agencies. (See appendix II, p. 313.)

This is Federal use before it ever becomes surplus.

The extent of reimbursement for transfer of excess property is determined by regulations of the Administrator, as approved by the Director of the Bureau of the Budget. We would like to make it clear in any amendment that stock-fund property is not exempted from that general rule, but is subject to it, just as well as all other properties.

We think the same reasons apply to both. As long as the committee is considering this whole subject, it might be well to clarify the intent of the Congress on that point, also.

Mr. McCORMACK. General Services has always supported the donor program?

Mr. ELLIOTT. Yes, sir; we have.

Mr. McCORMACK. And you strongly urge action that will insure its integrity and continuance in the future?

Mr. ELLIOTT. That is correct, sir.

Mr. THOMAS. I would like to add a little bit of information on trust funds. I can speak from experience because I have been in a field office operating the donable-property program.

There is very little property that does become surplus that would be of any great interest, I believe, to the educational people in the properties developed out of trust funds, so that it would not cause too much of a problem there.

Mr. McCORMACK. In other words, if I follow what you have just said, it is so negligible that we had better not try to legislate on the subject in any new bill.

Mr. THOMAS. That is correct.

Mr. McCORMACK. But to proceed under the organic act as it now exists?

Mr. THOMAS. That is right.

Mr. WARD. May I ask a couple of questions?

Mr. McCORMACK. Yes.

Mr. WARD. Have you made a study of the operation of section 201 (c) with respect to the exchange provision of the act, or has anyone in your agency?

Mr. THOMAS. We have.

Mr. ELLIOTT. Could you answer that question?

Mr. THOMAS. I can answer it, but I would like to have Mr. Tuttle answer it, who has been working with that section in developing a very detailed regulation which is a revision to a regulation that we have out.

Mr. WARD. I will repeat my question. Have you made a detailed study of the operation of the exchange provision, that is, section 201 (c) of the Federal Property and Administrative Services Act; do you

feel that some correction needs to be made in the operation under that section?

Mr. TUTTLE. We have made as comprehensive a study as possible with the available staff some months ago, and became convinced that certain revisions in the existing General Services Administration regulation implementing 201 (c) of the law were advisable, and at the same time, in drafting that revision, we also prepared a codification of it.

At the present moment it is still in draft form, but we do feel it will tighten up some of the areas where property is sold under 201 (c) that might be considered excess, rather than exchange sale property.

Mr. WARD. The Administrator does have the authority to set those regulations; does he not?

Mr. TUTTLE. Yes; the law reads, "subject to the regulations of the Administrator."

Mr. WARD. My second question deals with scrap and salvage. Have you ever made a study of sales that are being made under scrap and salvage to determine whether or not some of that property might be usable in the utilization program of Mr. Thomas or with respect to the donable program?

Mr. THOMAS. I might answer that. Again, as far as funds will allow, we have made spotchecks. We have done so in all of our regions.

As our representatives have visited these areas, there have been times when we have located property that was classified at a very low condition for which we were successful in getting utilization. In general, those cases involve property having high acquisition costs. We have many examples of that. If you would like to have some of them furnished, we would be glad to do so.

Mr. WARD. It is not necessary. You have authority there again, have you not, to set the regulation?

Mr. THOMAS. We do.

Mr. WARD. I mention that, Mr. Chairman, because under the current Department of Defense Appropriation Act there is authority to convert receipts up to \$40 million a year from the sale of scrap and salvage to be used in making sales and preparation for sales, and there has been some evidence of a downgrading of property in order to put it in that classification. That is all.

Mr. McCORMACK. That is another subject.

Mr. WARD. Yes.

Mr. McCORMACK. Related to another subject than to this bill.

Mr. WARD. Yes, but also related to the availability of donable property.

Mr. McCORMACK. Mr. Elliott, I have an idea that General Services Administration is supposed to be the disposal agency of surplus property.

Mr. ELLIOTT. That is correct, sir. That is the way this committee of the Congress established it in 1949.

Mr. McCORMACK. What effect does the Defense Department action have on the General Services Administration being the disposal agency?

Mr. ELLIOTT. As I said earlier, that was a difference of opinion between ourselves and the Department of Defense attorneys, and we wanted this clarification.

Mr. McCORMACK. I had an idea that you would come up to Congress for clarification. Was that not the intention about a year ago?

Mr. ELLIOTT. That is correct, sir. However, I think in fairness to everybody, including the Department of Defense and the Bureau of the Budget and the Department of Health, Education, and Welfare, and ourselves, as other witnesses have testified, there have been between 30 and 40 meetings within the executive branch in order to see if a composition of this question could be arrived at.

As Mr. Pearson said, I think everybody was sincerely trying to do it, but there were different points of view: The point of view of Health, Education, and Welfare and ourselves, the concept of the donation program; the point of view of the Department of Defense, trying to preserve the accounting integrity of their stock funds.

We tried to get it settled among ourselves, sir, before deciding whether or not to come to the Congress.

Mr. McCORMACK. Have you followed the sales that have been made in the last year?

Mr. ELLIOTT. Mr. Thomas has followed those sales and Mr. Tuttle can perhaps tell us.

Mr. McCORMACK. Can you give us any idea as to the average return on the acquisition dollar?

I mean of the Department of Defense sales.

Mr. THOMAS. Department of Defense property?

Mr. McCORMACK. And the sales made under that new order.

Mr. THOMAS. In fiscal 1953 the Department of Defense sold property having an acquisition cost of \$549.5 million, and the return on that was 6.8 percent.

Mr. McCORMACK. That is gross?

Mr. THOMAS. That is correct.

Mr. McCORMACK. Have you broken that gross down to find out what the net is?

Mr. THOMAS. We cannot get that cost figure. We have not been successful in obtaining costs.

Mr. McCORMACK. Why not? Let me ask you this first, have you tried?

Mr. THOMAS. I will answer it this way, that on a few occasions we have been able to make an on-the-spot analysis. For example, in August and September of last year, at locations such as Schenectady, Norfolk, and Atlanta. Although I do not have those figures with me, I can furnish them to you, sir—

Mr. McCORMACK. Of course, you say 6.8 gross?

Mr. THOMAS. Gross return.

Mr. McCORMACK. On the acquisition cost?

Mr. THOMAS. That is correct.

Mr. McCORMACK. That involves other things—out of that would come the expenses, whatever they are sold for by the auctioneers, the auctioneer's charge?

Mr. THOMAS. That is correct.

Mr. McCORMACK. On top of that would come all of the other expenses, and then would come the salaries of the employees who are paid out of other appropriations; would it not?

Mr. THOMAS. That is correct.

Mr. McCORMACK. Can you give us any idea what the net return to the Government is?

Mr. THOMAS. Mr. Ward handed me a tabulation of figures. If I can look at them just a second, maybe I will be able to identify it.

Mr. McCORMACK. All right.

Mr. THOMAS. I would have to say that it is substantially less.

Mr. McCORMACK. Have you anything for fiscal 1954?

Mr. THOMAS. On the gross figures, yes, sir. In fiscal 1954 Department of Defense sales, excluding foreign sales, amounted to \$1,184,300,000 at acquisition cost, and the gross return on that was 5.7 percent.

Mr. McCORMACK. Have you anything on what the gross return is on what GSA sold?

Mr. THOMAS. Yes, sir. In 1953 we sold property having an acquisition cost of 1.9 million, and the return was 35.1 percent.

In fiscal 1954 we sold \$5.0 million at acquisition cost, and our return was 18.3 percent.

I just have the first quarter of 1955. We have sold \$1.1 million at acquisition cost, and our gross return is 29 percent.

Mr. McCORMACK. Did you do the selling yourself, your own agency?

Mr. THOMAS. Yes, sir; we did.

Mr. McCORMACK. No outside costs?

Mr. THOMAS. No, sir.

It was planned carefully, and I would say that 99 percent of it was sold on the sealed-bid basis. We had no other costs, other than our own administrative cost.

Mr. McCORMACK. What was the intention of Congress, that the General Services Administration should be the disposal agency of all surplus property—was that not it?

Mr. ELLIOTT. Yes, sir.

Mr. McCORMACK. Did you abdicate your authority?

Mr. ELLIOTT. I would not say that we abdicated, no, sir.

Mr. McCORMACK. Or delegated it?

Mr. ELLIOTT. We delegated our authority.

Mr. McCORMACK. Why?

Mr. ELLIOTT. It came about in this way, if I can give you a little historical background. Somewhat over a year ago the Department of Defense came up with their Operation Clean Sweep, which was designed to free the military warehouses of a lot of obsolete property. They were working under a very rigid time schedule. Mr. Mansure and Mr. Charles Thomas, now the Secretary of the Navy, who was then the Assistant Secretary for Supply and Logistics of the Department of Defense, worked out an agreement to try out this arrangement and see how it would work out, because necessarily when you are talking about the disposal of surplus property you have a problem that you have another agency trying to assemble property in one place. That involves a lot of extra handling and transportation.

Secondly, there is the problem that if an outside agency goes into a military installation where they are not only selling surplus property, but doing a lot of other things at the same time.

So in any event they agreed to try out this plan.

I think I should also state, to complete the record, that before that and since the beginning of the Federal Property Act, personal property in general has been sold by the so-called holding agencies under delegations.

Mr. McCORMACK. But with guidance and supervision.

Mr. ELLIOTT. With guidance and supervision, yes.

Mr. McCORMACK. Have they had that here?

Mr. ELLIOTT. Yes, sir. The reason for that initially—the reason it was done by the then previous Administrator, who had previously been the War Assets Administrator, is that he felt that the then volume of surplus property was not large. I am talking about 1949–50.

And second, he did not feel that he could get from the Appropriations Committee sufficient funds to have in General Services Administration a large central disposal staff for surplus personal property.

I might say, to complete the picture, that real property disposal is the other way around; that in general is centrally disposed of by a General Services Administration staff.

Mr. THOMAS. That is correct.

Mr. McCORMACK. How do you account for the large gross returns on the sales by the General Services Administration as compared with the low return for the Defense Department?

Mr. ELLIOTT. I would like to pass that question, with your permission, to Mr. Thomas or Mr. Tuttle.

Mr. THOMAS. Of course, the amount of property that we sell is comparatively small to what is being disposed of by the Defense Department. However, I will say that the property that we do sell is pretty poor, as far as condition is concerned.

Mr. McCORMACK. You mean so far as the value is concerned?

Mr. THOMAS. I think so.

Mr. McCORMACK. But you got a pretty high return.

Mr. THOMAS. We did. We get a very high return for it. Of course, with a little bit smaller volume to handle, possibly we give more attention to it, and gear it into the right type of market.

Mr. McCORMACK. Are you able to do it on a big scale, that is, your agency—would you be able to do it?

Mr. THOMAS. Not with our present staff.

Mr. McCORMACK. No, but with an enlargement of the staff?

Mr. THOMAS. Surely we could do it with a larger staff.

Mr. McCORMACK. Your agency is especially trained in that particular field?

Mr. THOMAS. That is correct.

Mr. McCORMACK. And you know the business world?

Mr. THOMAS. Yes.

Mr. McCORMACK. There is quite a marked difference between getting 6.8 percent and your higher percentage—you are getting very little back.

Mr. THOMAS. We are not satisfied with that.

Mr. McCORMACK. That 6.8 percent is the gross?

Mr. THOMAS. Yes.

Mr. McCORMACK. You said "We are not satisfied." Will you explain that?

Mr. THOMAS. I said that we are not satisfied; I mean that I was speaking for John Thomas. I think that I can also speak for the Administrator, because I can say that we are not satisfied in general. I believe that the return can be greatly increased. I believe it can be done without any great expenditures of funds. And when I say great expenditures I mean in comparison to expenditures that have been made in the past.

I believe that agencies working closely together and under the personal supervision and direction of General Services Administration can raise that return. I am fully confident of it.

Mr. McCORMACK. And do it in quick fashion, too? And in effective fashion?

Mr. THOMAS. We will do it in effective fashion and we will do it as quickly as possible.

Mr. McCORMACK. Are there any questions?

Mr. JONAS. Yes.

Mr. McCORMACK. I was asked to ask a question by Mr. Ward. You ask it.

Mr. WARD. What are the statistics on the return from the sale of property by the Atomic Energy Commission—do you have anything on that, Mr. Thomas?

Mr. THOMAS. Yes, I do, Mr. Ward. I can give you the information on that, Mr. Ward, on four auction sales that were held by the Atomic Energy Commission. They sold property at an acquisition cost of \$13.6 million, and their gross recovery was 22 percent.

Mr. WARD. How about the Veterans' Administration?

Mr. THOMAS. I do not have any information on the Veterans' Administration, Mr. Ward. I understand that their percentage is very high.

I can furnish that for the record, if you would like it.

Mr. WARD. I do not think that is necessary.

Mr. JONAS. Mr. Chairman, I am interested in the returns. I do not think that you can get much value out of using a percentage of return. That does not mean anything to me unless I know what kind of property is involved. You may have a return of 22 percent, but you may be selling very select items. As Mr. Pearson brought out, you may have a very expensive piece of electronic equipment or a gun or a tank or something of that sort that represents a vast amount of money, but you sell it for scrap because it has no commercial value whatever. That sort of a situation is reflected in statistics when you simply give percentages.

What I started out to ask someone else to comment on is a statement in this letter from Mr. McNeil. May I quote this?

Although the overall percentage of return on sales of stock funds surplus material is unavailable, the spot studies made during the field review show that sales of selected items of property of a stock fund in which Health, Education, and Welfare might be interested in, averages a 40-percent return of original cost with individual items ranging from 5.4 percent to 71.8 percent, thus the overall recovery of sales of all types of surplus property which averaged a little over 7 percent of original acquisition costs is not representative of sales of stock-fund material.

I just wonder if you gentlemen have contrary information than that, or a different point of view. Are you speaking of the same sort of material when you say, "We have been getting a return of 5 or 6.8 percent," and he says the return is in some cases 40 percent?

Mr. TUTTLE. Mr. Chairman and Congressmen, it is true that I have in front of me the survey that you mentioned, and it is based apparently on a rather small selection of items. I believe we would agree that many of the common-use items carried in stock funds are bound to have more commercial market value than some of the arms, ammunition, and implements of war that the Department of Defense is also selling.

However, under the Department of Defense stock-fund procedures, as we understand them, even used property is being brought in under such funds for administrative simplicity, and therefore any small selection of items and computation of the percentage of return is bound to be dangerous.

The General Services Administration has, in assembling quarterly reports of sales of all agencies, attempted in the last 12 months to distill out at least all scrap sales, so that we do clarify our percentage of gross return to a degree that we think it can be done without developing a reporting system which could become completely top-heavy; but even with the distilling out of the figures for scrap in the last half of 1954 and the first quarter of 1955, the percentages of returns still remain rather low.

In fiscal 1954 the percentage of gross return was 5.7 for the Department of Defense surplus property. In the first quarter of 1955 it did increase to 7.1 percent. Those two figures do not have scrap included therein, but when you have a sale in 1 fiscal year of almost \$1.2 billion, the gentlemen that screened the surplus offerings consistently can tell you that you are hard-pressed to think of an item that is not found therein, and you are hard-pressed to find a condition that is not found therein. A good deal of the property you will find unused in original manufacturers' cartons. It runs the entire gamut to scrap, as you mentioned.

Mr. JONAS. It would make a little difference to me in my thinking on this subject if 5 percent is the average of return, or if 40 percent is more nearly accurate. That is the only reason I was pursuing that line.

Mr. McCORMICK. Have you any opinions on that \$1,200 million, as to what the General Services Administration might have obtained?

Mr. TUTTLE. No, sir.

Mr. THOMAS. We cannot answer that.

Mr. McCORMACK. It will be higher than the 6.8 gross average, would it not?

Mr. THOMAS. Yes, sir; it would.

Mr. McCORMACK. Considerable higher?

Mr. THOMAS. I would think considerably higher.

Mr. McCORMACK. That is something that ought to be looked into.

Mr. THOMAS. That is correct.

I might say here at this time that up until a very few months ago there was in General Services Administration central office one man and a girl handling most of the disposal activities. We do have a few more people that we have been able to get hold of, a couple of specialists, who have had a good background in disposal. We are going as far as we can in working with the disposal agencies to improve the disposal method and to develop a higher return.

Mr. McCORMACK. I have found that to be so all through the years with General Services Administration.

Mr. THOMAS. We have in our proposed budget for 1956, which we will have hearings on soon, asked for additional people in this field—a limited number. We are not asking for many because we feel that much can be done even with relatively few. We know where it will have to be done. It will have to be done at the field operating level. That is where you develop your incentives to get better returns and improved sales techniques and methods.

Mr. JONAS. Have you been before the Appropriations Committee yet?

Mr. THOMAS. Not yet.

Mr. McCORMACK. We are always interested in getting the best returns possible, because it is again the taxpayers' money.

Mr. THOMAS. That is true.

Mr. McCORMACK. Are there any other questions?

(No response.)

Mr. McCORMACK. If not, thank you very, very much, gentlemen.

Mr. ELLIOTT. Thank you.

Mr. McCORMACK. We have our distinguished colleague from the State of Wisconsin, whom the Chair recognizes.

STATEMENT OF HON. LESTER R. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. JOHNSON. Mr. Chairman and members, my office first heard about the matter that is before the committee today, about the 13th of October 1954 in a letter from our State Department of Public Instruction.

I will read parts of this letter to the committee, as I think it states the facts as seen by the people in Wisconsin. However, I would like to put the complete letter into the record later.

The letter is addressed to myself, and is dated October 13, 1954. It reads, in part, as follows:

We in the Wisconsin State Agency for Surplus Property Utilization are deeply concerned over a recently implemented regulation of the Department of Defense (Direction 7420.1) which creates a mandatory provision that stock-fund properties be sold. I am sure that you, as one of Wisconsin's Representatives in Congress, are interested in knowing the effect that this directive is having on the program of surplus property utilization as provided in Public Law 152 of the 81st Congress.

I know that the committee knows the pertinent sections referred to herein in this letter, and there is no need for me to read them here.

I will quote further from this letter:

Until the early part of the present calendar year the program seems to have operated much in line with the dictates of Public Law 152 but the decision of the Comptroller of the DOD that stock-fund properties must be sold deals a real body blow to the program of public benefit utilization, and at the same time creates a whole host of other problems which are significant to our national welfare, some of which I shall point out as follows:

1. The mandatory sale of stock-fund properties withholds practically all desirable Department of Defense property from donation to schools and hospitals.

2. The demand for reimbursement of stock-fund properties discourages maximum Federal utilization because the potential users would rather buy new property than pay relatively high prices for used and unspecified property. This will seriously hamper the program of the General Services Administration in its work of effecting maximum utilization of Federal property through intergovernment agency exchange.

3. The possible industrial impact caused by the dumping of billions of dollars of surplus goods is serious. We are already in a buyer's market on many goods which clearly indicates that the influx of greater supplies will seriously depress the market with resultant hardship to both retailers and manufacturers.

I returned recently from an inspection trip of property in the Chicago area. I was much interested in some of the comments which were made on the recent sale of property at the Great Lakes Naval Training Station. These are some of those remarks:

"Everything under the sun was offered for sale; trucks, cars, station wagons, typewriters, adding machines, duplicators, office supplies, hand tools, dental equipment, etc.

"The gross receipts from the sale were 17 percent."

— bought a dental chair and unit for \$300 which he felt was worth over \$4,000, a 1942 station wagon for \$75, a truck, car, and other miscellaneous items. The only thing he intended buying was the dental unit but the truck was so cheap that he bought it to haul the dental unit home.

These were casual remarks but they may be valuable in interpreting the average layman's attitude.

I was interested because I had been asked by officials at Marquette University, the University of Wisconsin, and the State College at Stevens Point as to the reason for the sale at Great Lakes of properties, so desperately needed for education and public health, when it seemed that Congress had provided for such local utilization under Public Law 152.

I have been unable to supply the answer. There appears to be nothing in Public Law 152 which would preclude the donation of stock-fund properties to schools and hospitals.

Our schools and hospitals are in desperate circumstances from the standpoint of rooms and facilities. President Eisenhower recently recognized this educational need in one of his addresses and went on to state that it is important that we attain a still higher standard of literacy in the United States.

The program of surplus property utilization has aided over 100,000 United States educational and public-health agencies. In the State of Wisconsin well over 1,000 schools and hospitals have been helped since the beginning of the activity in 1946. It has met with unqualified approval of the Wisconsin recipients as well as the department of public instruction.

It seems, without doubt, that our Nation's greatest asset lies in its youth and that their education and the protection of the Nation's health are two of our major concerns, and that local utilization of Federal surpluses for health and educational purposes will give a far greater return than even the gross figure of 17 cents on a dollar as quoted earlier in this letter.

Excerpts from our biennial report of 1952 and 1953 which may prove interesting to you are enclosed.

I would also be happy to provide you with statistics showing the extent of service rendered to the counties in your district if this information would prove interesting to you.

I sincerely hope that your interest may cause you to look into stock-fund property sales with a question of the Department of Defense as to the justification and legal authorization for such sales before compliance with the terms of Public Law 152.

Very truly yours,

ARTHUR R. PAGE,
Assistant State Superintendent.
By PALMER O. JOHNSON,
Supervisor, Surplus Property.

(The letter referred to, in full, with attachments, is as follows:)

THE STATE OF WISCONSIN,
DEPARTMENT OF PUBLIC INSTRUCTION,
Madison 2, October 13, 1954.

Representative LESTER R. JOHNSON,
United States House of Representatives,
Washington, D. C.

DEAR REPRESENTATIVE JOHNSON: We in the Wisconsin State Agency for Surplus Property Utilization are deeply concerned over a recently implemented regulation of the Department of Defense (directive 7420.1) which creates a mandatory provision that stock-fund properties be sold. I am sure that you, as one of Wisconsin's Representatives in Congress, are interested in knowing the effect that this directive is having on the program of surplus property utilization as provided in Public Law 152 of the 81st Congress.

I am quoting two pertinent sections of Public Law 152 as follows:

"SEC. 203. (J) (1) Under such regulations as he may prescribe, the Secretary of the Department of Health, Education, and Welfare is authorized in his discretion to donate for educational purposes or public-health purposes, including research, in the States, Territories, and possessions without cost (except for costs of care and handling) such equipment, materials, books, or other supplies under the control of any executive agency as shall have been determined to be surplus property and which shall have been determined under paragraph (2)

or paragraph (3) of this subsection to be usable and necessary for educational purposes or public-health purposes, including research.

"SEC. 203. (J) (2) Determination whether such surplus property (except surplus property donated in conformity with par. (3) of this subsection) is usable and necessary for educational purposes or public-health purposes, including research, shall be made by the Secretary of the Department of Health, Education, and Welfare, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator of General Services to tax-supported medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, and universities, and to other nonprofit medical institutions, hospitals, clinics, health centers, schools, colleges, and universities which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code, or to State departments of education or health for distribution to such tax-supported and nonprofit medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, and universities; except that in any State where another agency is designated by State law for such purpose such transfer shall be made to said agency for such distribution within the State.

Until the early part of the present calendar year the program seems to have operated much in line with the dictates of Public Law 152 but the decision of the Comptroller of the DOD that stock-fund properties must be sold deals a real body blow to the program of public benefit utilization, and at the same time creates a whole host of other problems which are significant to our national welfare, some of which I shall point out as follows:

1. The mandatory sale of stock-fund properties withholds practically all desirable Department of Defense property from donation to schools and hospitals.

2. The demand for reimbursement of stock-fund properties discourages maximum Federal utilization because the potential users would rather buy new property than pay relatively high prices for used and unspecified property. This will seriously hamper the program of the General Services Administration in its work of affecting maximum utilization of Federal property through inter-government agency exchange.

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"The gross receipts from the sale were 17 percent."

"——— bought a dental chair and unit for \$300 which he felt was worth over \$4,000, a 1942 station wagon for \$75, a truck, car, and other miscellaneous items. The only thing he intended buying was the dental unit but the truck was so cheap that he bought it to haul the dental unit home."

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major concerns, and that local utilization of Federal surpluses for health and educational purposes will give a far greater return than even the gross figure of 17 cents on a dollar as quoted earlier in this letter.

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I sincerely hope that your interest may cause you to look into stock-fund property sales with a question of the Department of Defense as to the justification and legal authorization for such sales before compliance with the terms of Public Law 152.

Very truly yours,

ARTHUR R. PAGE,
Assistant State Superintendent.
PALMER O. JOHNSON,
Supervisor, Surplus Property.

SURPLUS PROPERTY

Elroy, Wis.—Yes, Elroy, Wis., by all standards, was a quiet little city. Life was relatively easy and the problems of municipal government and school affairs were routine. The school board met and, after proper attention to regular business, adjourned. The population remained fairly constant, the school population followed suit, and the school curriculum remained pretty much in status quo. Yes; affairs were routine but then, as it has in so many other Wisconsin communities, it happened in Elroy. The children came in increasing numbers, added space was needed, and there were demands for an expanded curriculum. Home economics, shop work, and commercial must be added, and in the face of all of this was the stark reality that the budget was already tight. The problem was serious. To provide the facilities for increased enrollment even for a limited program would tax the budget almost beyond limit. To provide added new areas of activity seemed impossible.

The program of surplus-property utilization, in its normal function, aims at an equitable distribution of properties to schools and hospitals throughout the State. It is alert, however, to emergency needs of eligible institutions which may result from fire, flood, storm, or other disaster, or which may be caused by rapid population gains or diminishing tax bases. In all such cases the State agency for surplus-property utilization is charged with a concentration of its efforts and its resources in the relief of local hardship.

In Elroy the school population and the demands of a modern educational program had created a limited emergency.

It was at this point that the school board, through its administrator, began a realistic program of acquiring and conditioning many items of surplus property to aid in equipping for the new courses which were being added. Properties of a general nature were also secured which were of help in offsetting the cost of equipment, maintenance, and general operation.

The following list represents the major items of equipment which were released to the Elroy schools, from July 1, 1951, to June 30, 1953.

Business machines:

- 1 dictaphone
- 2 mimeographs
- 14 typewriters
- 1 adding machine
- 1 calculator
- 1 bookkeeping machine

Furniture:

- 47 chairs
- 20 tables
- 3 desks
- 9 filing cabinets
- 32 transfer cases

Instructional equipment:

- 1 film projector
- 2 phonographs
- 1 microscope

The business machines made possible a tremendous expansion and enrichment of the commercial course through the provision of educational experiences which would otherwise have been impossible.

Items of furniture were used in equipping the home-economics department and other classrooms to meet the needs of greater enrollments. Each teacher in the Elroy schools was equipped with a two-section filing cabinet for the storage of instructional materials.

Other properties, such as the film projector, microscope, and phonographs, have provided additional, much-needed facilities which are used in the general educational pattern at Elroy.

The foregoing represent only a partial list of the properties acquired by this school during this biennial period. Additional items listed under 147 different descriptions were released to Elroy for the operation of their school and subsequently found their way into maintenance, instructional, and extracurricular use.

The total cost of this property, in handling charges assessed by the State agency, was \$686.49, which represents 8 percent of the cost of similar equipment.

REAL PROPERTY

In La Crosse the need for added classroom space seems ever present.

Probably no one in his wildest imagining could have foreseen that the local weather bureau building might ever contribute to the real property needs of the La Crosse schools, but this building was transferred during the past year to the La Crosse Board of Education, without cost.

It is being remodeled and will be used as administrative and supervisory offices for the board of education and staff, relieving four elementary classrooms now occupied for such purposes in the Washburn school in La Crosse.

It is estimated that the resultant saving to the city of La Crosse will be approximately \$60,000.

The Elroy and La Crosse public schools have served in the foregoing illustrations but they are but two among hundreds of institutions within the State to participate in the program of surplus-property utilization.

The following statistics are presented to show the complete scope of this program in its service to eligible educational and public-health agencies in Wisconsin.

Number of property releases to Wisconsin schools:

July 1, 1951, to June 30, 1952	1, 271
July 1, 1952, to June 30, 1953	1, 531

Number of agencies participating:

High schools	306
Elementary schools	156
Parochial schools	91
Private colleges	12
Teachers colleges	7
Vocational schools	35
County normal schools	10
Universities	2
State institutions	5
Public health	61
Miscellaneous	19
Total	704

Value of personal property allocated to Wisconsin schools:

July 1, 1951, to June 30, 1952	\$698, 382. 60
July 1, 1952, to June 30, 1953	513, 801. 00

	1, 212, 183. 60
To public-health agencies: Jan. 1 to June 30, 1953	67, 404. 20

Mr. JOHNSON. I have many letters in my file. I will not try to put them all into the record. I have letters from schools all through the Ninth District. Here is 1 from the Stanley public schools, of Stanley, Wis., supporting this letter; 1 from the Arcadia public schools, at Arcadia, Wis.; 1 from the Cochrane public schools, at

Cochrane, Wis.; 1 from the Melrose area schools, of Melrose, Wis.; 1 from the Galesville schools, of Galesville, Wis.; 1 from the school district at Trempealeau, Wis.; 1 from that joint school district; 1 from the Cameron public schools, of Cameron, Wis.; one from the joint school district No. 4, comprising the villages of Baldwin and Hammond, etc., or Baldwin, Wis.; 1 from the Elk Mound public schools, of Elk Mound, Wis.; 1 from the Rice Lake public schools; 1 from the school district, joint No. 2, city of Black River Falls, Wis.; and also I have another letter, which I would like to put in the record, from the State of Wisconsin Department of Public Instruction, in reply to the letter that I believe all Congressmen received who wrote to the Assistant Secretary of Defense.

I want to state that I am in favor of the legislation as proposed by Congressman McCormack, H. R. 3322, and with the amendments that have been suggested here today that are favorable to the committee.

(The letters referred to, dated November 13, 1954, and December 22, 1954, are as follows:)

MARION ENGINEER DEPOT,
UNITED STATES ARMY,
Marion, Ohio, December 10, 1954.

Mr. W. D. MUNSER,
*Regional Property Coordinator,
Department of Health, Education, and Welfare,
Chicago 2, Ill.*

DEAR SIR: In reply to your letter of November 30, 1954, addressed to the attention of Mr. Byron A. Keefer, property disposal officer, relating to carbon steel which appeared on Mr. Keefer's form 120 at a prior date, I am reliably informed that as of that time they did not have the information as to all stock-fund items so were unable to state that it was stock fund.

The operation of stock funding has been in process at this depot for only a relative short time and I feel sure that in the future it will state on the forms 120 whether or not it is a stock-fund item. In regard to your form 136 in our possession, upon receipt of the carbon steel we advised Wisconsin that it was a stock-fund item and as such reimbursement must be had.

I returned this morning from a conference in Norfolk, Va., and this same question of material under stock funding was brought up. It was authorized that nothing could be done at this time; that where it called for reimbursement, reimbursement must be had. Your Mr. Lawrence out of Washington was present at this meeting and understands thoroughly the situation.

It is the writer's opinion that something may be done to alleviate this condition but as of this date whenever we receive stock-fund items that have been frozen or allocated, we will, as in the past, notify that particular agency as to what it will be necessary to do in order to obtain the property.

Trusting that this will give you the general information desired, I beg to remain,

Yours very truly,

M. L. WILSON,
Property Disposal Officer.

ASSISTANT SECRETARY OF DEFENSE,
Washington 25, D. C., November 13, 1954.

HON. LESTER B. JOHNSON,
House of Representatives.

DEAR MR. JOHNSON: This is in answer to your letter of October 13, 1954 to which was attached communication from the State of Wisconsin, department of public instruction concerning the effect of Department of Defense Directive No. 7420.1 on the surplus-donation program under Public Law 152.

A joint field review of this problem has recently been concluded at selected Department of Defense disposal activities by representatives of the Department of Defense, Bureau of the Budget, General Services Administration and

Health, Education, and Welfare Department. As a direct result thereof, we have forwarded to the Bureau of the Budget for approval a proposed modification of the Department of Defense directive which will make available to educational and public-health institutions as much used surplus property of stock funds as is compatible with the legal requirements of the amendments to the National Security Act of 1949.

In general the proposed modification allows donations of surplus property for health, education and welfare when the sale of such property would realize no substantial return to the stock fund after payment of cost of preparation for sale, handling and selling such property. We believe this proposal carries out the intent of Congress as expressed in the House and Senate reports accompanying the Federal Property Administrative Services Act of 1949.

We are looking forward to early approval of the Bureau of the Budget and promulgation of the revised regulations.

Sincerely,

W. J. McNEIL.

THE STATE OF WISCONSIN,
DEPARTMENT OF PUBLIC INSTRUCTION,
Madison 2, December 22, 1954.

Mr. LESTER JOHNSON,
United States House of Representatives,
House Office Building, Washington, D. C.

DEAR REPRESENTATIVE JOHNSON: Thank you for your letter of December 2 and the enclosure of the report from the Department of Defense pertaining to surplus property disposals.

The report is interesting but the facts are at almost complete odds with the actual program operation in Wisconsin. While the report of the Department of Defense shows an increase in donations of property our records indicate that property receipts are rapidly falling off. Receipts of property for October 1954 decreased by two-thirds from those of October 1953.

The full impact of stock-fund sales was not evident even in the first quarter of fiscal 1955. I am enclosing a copy of a letter from Mr. M. L. Wilson, property disposal officer at the Marion Engineer Depot, Marion, Ohio, which substantiates this statement and I know that the same conditions have maintained at the Badger Ordnance Plant, the Savanna Ordnance Plant, Savanna, Ill., Traux Air Force Base in Madison, Fort Sheridan, Ill., and the Naval Ordnance Plant at Forest Park, Ill. In all of these installations the conditions of stock-fund sales have only recently been implemented and some property has been available from them. On the other hand, the Jeffersonville Quartermaster Depot, Jeffersonville, Ind., the Chicago Quartermaster Depot and the Great Lakes Naval Training Station have been under the stock-fund sales program for several months and our records indicate a total of less than \$10,000 in property from these combined sources since March 1954. This is less than 7 percent of property from these same sources over the same period of time in 1953.

It is obvious that the sales program has been damaging to the interests of our schools and hospitals since the three installations above have been the major sources of property for them under the surplus utilization program.

I am sure that you will wish to examine further into the relief which is proposed in the amendment to the present stock-fund regulation. It is my understanding that the amendment would still withhold, from our schools and health agencies, all new properties and would permit only very limited releases of used properties classified as category B.

The yardstick applied under Public Law 152 is that the property must be surplus to the needs of the Government and that it must be usable and necessary for educational or public-health use.

It seems, therefore, that any regulation which would establish control measures of age, condition, etc. would be in violation of Public Law 152.

I am sure that our people in Wisconsin who are concerned over providing for education and public health will be interested in and appreciative of your efforts to bring this matter to a logical conclusion.

Very truly yours,

ARTHUR R. PAGE,
Assistant State Superintendent.
By PALMER O. JOHNSON,
Supervisor, Surplus Property.

Mr. McCORMACK. Are there any questions?

(No response.)

Mr. McCORMACK. Thank you very much, Congressman Johnson. Congressman Wier of Minnesota was here earlier this afternoon, and he is in favor of the bill. He left with me a telegram that he received from Governor Freeman of Minnesota, and also a letter from Harry C. Schmid, the State director of vocational education of Minnesota, and asked that they be put into the record at this point.

Without objection, they will go into the record.

(The letter and telegram referred to are as follows:)

STATE OF MINNESOTA,
DEPARTMENT OF EDUCATION,
VOCATIONAL DIVISION,
February 9, 1955.

Hon. ROY WIER,
*United States Representative,
House of Representatives, Washington, D. C.*

DEAR ROY: May I respectfully call your attention to H. R. 3322 which deals with the donation of Federal surplus property to public education and health institutions throughout the Nation. This bill is an amendment to Public Law 152.

In the past year, much equipment has been diverted from public education and health institutions by a stock fund sales policy instituted by the Secretary of Defense. This was a procedure not anticipated by Congress when Public Law 152 was passed. Congressman McClellan's amendment to this law is an attempt to clear this situation. We would sincerely appreciate your support on this amendment.

Any additional information you might wish to have about this program in Minnesota can be furnished you if you so desire.

With kind personal regards, I am

Sincerely yours,

HARRY C. SCHMID,
State Director of Vocational Education.

ST. PAUL, MINN., February 15, 1955.

Representative ROY WIER,
House Office Building:

Urge full support of H. R. 3322 in hearings of special Subcommittee on Donable Property of House Committee on Government Operations. Endorse effort to provide improved surplus property program for education and health purposes.

GOV. ORVILLE L. FREEMAN.

Mr. McCORMACK. I also have here a letter addressed to me from Governor Hodges, of North Carolina, as well as a letter from Congressman Cliff Young, of Nevada, in which he encloses a copy of a telegram he received from Kenneth S. Easton, director, Nevada Purchasing Department, which I will ask be made a part of the record at this point.

(The two letters and copy of telegram referred to are as follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 14, 1955.

Hon. JOHN W. McCORMACK,
*Committee on Government Operations,
House Office Building, Washington 25, D. C.*

DEAR CONGRESSMAN McCORMACK: I have been advised that a special subcommittee of the Committee on Government Operations, of which you are chairman, will hold hearings on H. R. 3322 on Tuesday, February 15.

The State of Nevada is very much interested in this measure. However, the State is concerned about the provision which limits this legislation to educational

and public-health purposes and would like to see this bill broadened to include all forms of government in the State. Enclosed is a copy of a telegram I received from the director of the Nevada State Purchasing Department, which gives some background material on this.

I feel that it would be very desirable if the bill were broadened to include other forms of Government, as well as the educational and public-health agencies. I shall appreciate any consideration your subcommittee gives this request.

Sincerely,

CLIFF YOUNG, *Member of Congress.*

FEBRUARY 11, 1955.

Congressman CLIFTON YOUNG,
House of Representatives,
Washington, D. C.:

Re your telegram concerning background to include all forms of government in the State. Please be informed that five trucks fire equipment are badly needed by nearly every community in the State. Heavy equipment is needed by cities, counties, water districts, etc. All type of tools such as lathes, drill presses, power saws, etc., highway department in emergency from so-called surplus dealers who originally procured them from Government as surplus. They made a substantial profit at the taxpayers expense. Pipe and fittings needed by municipally owned water system as well as State. We are requested almost daily for material that we have in the warehouse from political subdivisions excluded under the present bill and H. R. 3322. Letter to McCormack informing him of our views today.

KENNETH S. EASTON,
Director, Nevada Purchasing Department.

STATE OF NORTH CAROLINA,
GOVERNOR'S OFFICE,
Raleigh, February 14, 1955.

CONGRESSMAN JOHN W. MCCORMACK,
Majority Leader, House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN: We in North Carolina keenly appreciate your sponsorship, counsel and guidance in connection with the preparation and presentation of H. R. 3322. You have the gratitude of our schools, colleges, hospitals and health departments as you direct the hearings this week on this bill as it moves toward eventual successful passage.

Our State senate has unanimously requested the North Carolina congressional delegation's support of the bill, and our house of representatives is expected to take similar action tonight or tomorrow.

Since July of last year 95 percent of all our North Carolina counties have participated in the benefits of the Federal surplus property utilization program. Some units say they would have had to close if this equipment and supplies had not been made available to them at nominal cost through this program. However, since the stock fund directive of the Defense Department became operative a year ago, a smaller amount of the better types of property have been available and our health and educational units have reached the stage of diminishing returns. In the near future, further participation will not be justified unless and until Congress clarifies and spells out its original intent that the health and educational institutions should be the beneficiaries of the surplus property program rather than speculators who are now buying the cream of the offerings by the billions at averages of 5 to 10 percent of acquisition value, thus depriving health and education of urgently needed items worth to schools and hospitals from 50 to 75 percent.

Enactment into law of the proposed House bill No. 3322 and Senate bill No. 1004 will serve to remedy these undesirable developments and prove of incalculable benefit to health and education throughout the United States.

We shall be glad to send a representative to Washington with further details on the value of this program to North Carolina, if you so desire. I would appreciate it if you would have this letter read at your hearing and enter this letter in the record.

Sincerely,

LUTHER H. HODGES.

Mr. McCORMACK. The chairman and the members of the committee have also received many, many communications from different persons. They are still coming in. Unless there is objection, the names of those who have written will be inserted in the record, as well as any communications that are received further from others (see appendix 4).

Mr. Moss. On behalf of the State of California, the superintendent of public instruction felt so strongly on this that he has sent a representative from California to present the views of the State on this matter.

STATEMENT OF WILLIAM A. FARRELL, CHIEF SURPLUS PROPERTY OFFICER, STATE DEPARTMENT OF EDUCATION, SACRAMENTO, CALIF.

Mr. FARRELL. Mr. Chairman and members, I have no testimony to offer at the moment.

Mr. Moss. You are in agreement, I believe, with the remarks made to me by Mr. Simpson in the telephone conversation, supporting this legislation?

Mr. FARRELL. Very definitely.

Mr. McCORMACK. Thank you very much.

Mr. FARRELL. Thank you.

Mr. McCORMACK. We will next hear from Mr. James W. Curran, of the State of Maryland.

STATEMENT OF JAMES W. CURRAN, ASSISTANT SUPERINTENDENT OF PRISONS, STATE OF MARYLAND

Mr. CURRAN. Mr. Chairman and gentlemen, I am also the Washington representative of the American Correctional Association, as well as assistant superintendent of prisons of the State of Maryland.

I am here in response to a telegram that you addressed to Governor McKeldin who, in turn, forwarded it to me through the secretary of state. He expected me to come to this meeting and, if possible, to be heard. I communicated with Mr. Ward yesterday and requested permission to speak on this subject.

I have no prepared statement, Mr. McCormack and gentlemen of the committee, but I would like to respectfully request that your committee give special consideration to including in this legislation the right of the distributing agency to donate the surplus property to the penal and correctional institutions of the United States.

There are in this organization which I represent every prison administrator, every warden, every superintendent, and every penal official in the country who belong to the American Correctional Association. I am authorized to speak in their behalf.

There are 150,000 prisoners, able-bodied prisoners, in the State penal institutions of the United States today.

The major function, of course, of all prisons, as we all understand, is to detain convicted prisoners for a specified time named by the courts. However, the main program of rehabilitation in the prison is education.

Regardless of how you look at it, it is, in our opinion, education at our level.

We have never been considered under the present law as interpreted by the Department of Health, Education, and Welfare as being eligible to receive this, because we were a correctional institution, and the law simply did not state that.

The main problem that is paramount to all prison administrators today is to alleviate idleness. The one sure way to do that is to educate them, regardless of whether it is academic education or vocational training or on-the-job training, or physical training.

I feel that the property that is now being distributed through the Government agency could be put to tremendous advantage in these prisons in helping to assist the administrators to rehabilitate these men.

One of the things that I would like to have you consider, gentlemen, is that in the tax dollar that is expended in almost any State in the Union, about 30 to 33 cents of it is for education. That is as it should be. However, on the other hand, the correctional institution is operating between \$1.50 and \$3.

We are expected to reform and rehabilitate men when we are barely provided with sufficient funds to maintain custodial care, which is of paramount importance. We do not deny that, but, on the other hand, 98 percent of all men committed to penal institutions throughout the country do return to live in society.

We feel that this would be a tremendous assist to us if we were declared eligible under this program to receive this donated property and working it out in our four phases of education in our prisons, namely, academic, on-the-job training, vocational training, and physical training.

I respectfully request that you give consideration to these remarks.

Mr. McCORMACK. Are there any questions?

(No response.)

Mr. McCORMACK. If not, thank you very much.

Mr. Moss. On that, I would like to direct to Mr. Frazier how the Department interprets the role of the prisons in this program. Are they under any condition permitted to acquire such material?

Mr. FRAZIER. We have in many cases considered the juvenile correctional institutions as being eligible because there are courses being taught that are comparable to the usual school, the only difference being that the students are under confinement. The institutions have a full-time staff of qualified instructors and give credits that are recognized by other schools when these juvenile delinquents, you might say, are reached.

We have not, however, recognized the need for eligibility for the regular adult penitentiary, because there we think that is not the type of institution that Congress intended that we deal with when they specified school systems, colleges and universities.

Mr. Moss. That is all.

Mr. McCORMACK. Is there anyone else here who would like to talk?

I am next going to call on Mr. Keller of the General Accounting Office.

STATEMENT OF ROBERT F. KELLER, ASSISTANT TO THE COMPTROLLER GENERAL, GENERAL ACCOUNTING OFFICE

Mr. KELLER. Under date of February 14, 1955, the Comptroller General sent a report to the chairman of the full committee on H. R. 3322.

In that report he took no position with respect to section 1 (a) of the bill, feeling that the enactment of that section is a policy determination to be made by the Congress. As to sections 2, 3, and 5, the Comptroller General does not recommend favorable consideration for reasons I will give in a few moments. Sections 1 (b) and 4 are technical in nature.

First, I would like to discuss briefly section 1 (a) of the bill. It is understood that the purpose of section 1 (a) is to insure that all surplus property of the United States Government is subject to a determination as to whether or not it is usable and necessary for education or public health purposes, including research, before being placed on sale—particularly property which is capitalized in working-capital funds.

Apparently the Department of Defense has taken the position that surplus property which has been capitalized in working-capital funds established under the authority of section 405 of the National Security Act Amendments of 1949 may not be donated for educational or public health purposes but must be sold. I do not find that section 405 specifically states such a requirement. However, as a general proposition, it was intended that the working-capital funds authorized to be established under section 405 would be maintained intact by appropriate charges to the funds for the cost of goods and services acquired, and reimbursements to the funds for the cost of goods and services furnished.

In the event Congress enacts section 1 (a) of the bill by providing that surplus property, which is capitalized, may be donated for educational and public-health purposes, the effect would be to impair the working-capital funds to the extent of the amounts that might have been realized by sales of the surplus property. However, as I have stated, the Comptroller General is not taking a position for or against the enactment of section 1 (a). The Congress is in the best position to decide the needs of the States for educational and public-health purposes.

Under the provisions of the Federal Property and Administrative Services Act of 1949 surplus property is transferred to educational and medical institutions for specific uses and subject to various terms, conditions, and reservations. Section 203 (k) (2) of the act permits the head of the interested agency to determine and enforce compliance with the terms, conditions, reservations, and restrictions contained in the instruments of transfer; to reform, correct, and amend instruments of transfer; and to grant releases from such terms, conditions, reservations, and restrictions. This authority applies to both real and personal property. The amendment proposed by section 2 would remove the authority of the Department of Health, Education, and Welfare in this field with respect to transfers of personal property for educational and public-health purposes.

The General Accounting Office does not believe that control over surplus personal property donated for educational and public-health purposes should be removed. During the 83d Congress hearings were held on April 20 to 24, 1953, before the Intergovernmental Relations Subcommittee of the House Committee on Government Operations, on the donable surplus property program, and numerous instances of unauthorized or improper use of personal property donated for educational or public-health purposes were brought out. Most of these

instances were incorporated in a report made by the General Accounting Office pursuant to a request from the House Committee on Government Operations dated January 23, 1951. The General Accounting Office report appears on pages 167-181 of the Subcommittee's printed hearings.

We believe that it is only proper that the Government exercise a measure of control over the ultimate use of surplus personal property in order to insure that donated property is in fact used for educational and public-health purposes. While the General Accounting Office has not done any detailed field work in this area in the last 2 or 3 years, we are not aware of any facts which would justify a conclusion that controls may now be removed. To the contrary, on the basis of the hearings held in 1953, a tightening of the controls would seem to be indicated.

Section 3 would add a new provision to authorize cooperative arrangements between Federal and State authorities in the program for the utilization of surplus property for educational and health purposes. It states that such arrangements may provide that either the Federal agency or the State agency will assume responsibility for a part of the duties of the other, and that either agency will make available to the other agency such property, personnel, or funds as may be necessary to enable it to perform such duties.

The General Accounting Office is opposed to enactment of section 3. While it is recognized that a successful program of donable surplus property is dependent upon full cooperation of Federal and State authorities, we do not believe that duties and responsibilities of the Federal Government should be vested in State authorities nor should State duties and responsibilities be placed in the Federal Government.

We are not aware of the conditions that section 3 seeks to correct but, in any event, it would seem too broad a grant of authority. In fact, it could be that the language is so broad that determinations of need to be made under section 203 (j) (2) could be delegated to State authorities when considered in the light of the amendment proposed by section 2 of the bill under consideration.

Section 5 would remove, after a period of 1 year, the existing restrictions or conditions on the utilization of surplus personal property previously donated or sold at a discount for educational or public health purposes. As I have indicated in my comments on section 2, we are opposed to relaxing controls over the use of surplus personal property donated for educational and public health purposes. For this same reason we are opposed to the enactment of section 5.

Mr. Chairman, from listening to the testimony of the Bureau of the Budget, the Department of Health, Education, and Welfare, and the General Services Administration, I do not think the Government agencies are too far apart.

The General Accounting Office is opposed to sections 2, 3, and 5, as written, but if language is substituted providing some control over the ultimate need and the use of surplus property, we will go along. We are not absolutely wedded to the idea that everything has to stay in the exact same position it is in today.

Also, I think Mr. Barry made a very convincing argument about the property which was transferred 8 and 10 years ago.

I think some reasonable solution can be worked out without throwing all elements of control to the winds.

I think that when Congress enacts a donable surplus property program, it has a right to expect that somebody is going to check up and make sure that the property is being used for donation purposes. There have been instances in the past, perhaps not a great number in relation to the program, where property was not used for the purpose for which donated.

If you remove all controls, it may not be long before some of you gentlemen on the Hill will start hearing about conditions, or things that have happened to certain properties, and I expect that General Services Administration and the Department of Health, Education, and Welfare, and the General Accounting Office will be questioned, "How did this happen?" and "Why did you not catch it?"

Mr. McCORMACK. You realize, of course, that there is no such thing as perfection?

Mr. KELLER. Yes, sir; I realize that. But I also realize that if you throw off all controls, a few years later you may regret your action in doing so.

Mr. McCORMACK. Section 3, paragraph (m) vests controls in connection with the making of agreements with the States in the Secretary of the Department of Health, Education, and Welfare. You realize that; do you not?

Mr. KELLER. Yes; I do, but I think we also have to realize that in enacting legislation you should tie it down as to exactly what you want the agency to do in a particular field, because agency heads change, and ideas change, over a period of time.

Also, if I may mention section 3 once again, we have no objection to cooperative arrangements. But this particular section is so broad that I should think that Congress itself would wonder about it. It authorizes the transfer of responsibilities. It authorizes the transfer of personnel and Federal funds. It does not spell out the real conditions that you are attempting to take care of such as the acceptance of voluntary services, et cetera.

Mr. McCORMACK. Section 3 provides that it must be as agreed upon.

Mr. KELLER. That is right, sir.

Mr. McCORMACK. And the Secretary of the Department of Health, Education, and Welfare has control of the situation.

Mr. KELLER. I recognize that. But we are opposed to granting such broad authority to any agency, particularly when you are dealing with responsibilities, funds, and personnel. I think you ought to spell out what you want to authorize.

Mr. McCORMACK. Of course, this bill has brought to a head over a year of negotiations between the various departments and the agencies. You will agree to that?

Mr. KELLER. I understand that is true.

Mr. McCORMACK. We have accomplished a great deal in one day through these hearings.

Mr. KELLER. Boiled down, what I am saying is use a little caution in enacting this legislation.

Mr. McCORMACK. In your prepared statement you said that there were numerous instances of unauthorized, improper use of personnel, property donated for educational or health purposes that were brought out.

Mr. KELLER. Yes.

Mr. McCORMACK. Were those under the 1949 act or the prior acts?

Mr. KELLER. I have not gone into detail on each of them. Mr. Barry said this morning that only three out of 40 some cases were under the 1949 act.

Mr. BARRY. Something like that.

Mr. McCORMACK. Under this or the 1949 act?

Mr. BARRY. As our group got together, we could identify them more or less—no names of institutions were mentioned in there but the facts of these cases made most of them easy for us to identify.

Mr. KELLER. You will have to recognize two things: One, if it could happen under a prior act, I do not know any reason why it could not happen under the 1949 act.

Mr. BARRY. There are lots of reasons.

Mr. KELLER. Two, at the time the GAO report was prepared the 1949 program had only been in existence for about 2 years.

Showing that it happened once does not prove that it is going to happen again, but I think it does suggest some caution.

Mr. McCORMACK. Are there any questions?

Mr. JONAS. No.

Mr. MOSS. I have just one question.

Can you draft any language that would rule out the possibility of abuse? Of the numerous instances—I think you mentioned 40 cases—roughly, how many over what period of time have you had in a program that has really a tremendous scope?

Mr. KELLER. Those 40 cases that were brought out in the report, Mr. MOSS, were the result of an investigation made at the request of this committee.

Mr. MOSS. Did it indicate widespread abuse or were those 40 cases very much isolated?

Mr. KELLER. Our survey covered 21 States. In all probability, a very high percentage of the property was properly used. But you are bound to have some instances of irregularity. I think that if we can have proper legislation we can keep those irregularities to a minimum.

To answer your question as to whether you can draw legislation which will prohibit abuse, I think it is impossible, because like a criminal statute, it does not prevent a man from committing a crime. It is, however, a deterrent.

Mr. MOSS. The compliance requirement should be just a minimum; do you not think? You can make such requirements very complicated and very costly to administer. Frequently the cost of administering them exceeds the cost of any possible abuses.

Mr. KELLER. In any compliance program, whether it be an audit like GAO is engaged in, or something else, you have to weigh your time and costs against the need. You go into a department or a bureau and one of your first steps is to satisfy yourself how good a job that agency is doing. If you think they are not doing a good job, you do a detailed audit. If you think they are doing a good job, you make spotchecks.

Mr. MOSS. You heard Mr. Barry's testimony this morning. I think you indicated that, because of a lack of definition of some of this property, you do not actually know whether you are in compliance or what is expected of you.

Mr. BARRY. Lack of records makes it difficult or impossible to determine how they got it or where they got it. That is the great difficulty. Having property that they could never use, in a great majority of the cases, is no fault of the schools or of the hospitals, either. Lots of surplus was forced upon them. Many schools got this word from an installation being deactivated: "Send over here and we will give you a lathe." When a truck was sent, the story was, "I have to close down this installation so I can be demobilized. I want to get home. If you take the lathe, you've got to take such and such, also."

That was the general idea. The Department of Defense, or at least, individual representatives of the Department of Defense have admitted time and time again that they knew that those conditions once existed. Unless all of the school men that I know are liars, this sort of thing occurred in connection with every post that was closed down.

In connection with surplus buildings, for instance, a superintendent would look at a building and say, "We surely need that but we have not the money to pay for having it moved."

And the WAA agent would say, "Take 2 of them and give 1 to the contractor for moving the other."

The superintendent replied: "That would not be in accord with the agreement I have to sign."

The reply to that was: "Everybody is getting rid of a lot of surplus property, so no one will ever pay any attention to the agreement."

Superintendents were actually talked into it. That is one reason why all of these compliance cases come up. That is the basis of a lot that were brought out in the GAO report.

Mr. MOSS. Are those older cases under previous programs?

Mr. BARRY. Yes, sir; since the beginning of Public Law 152, the enactment of it, every State agency has had a record of what each school has, and the State agency should be able to go to the school and lay its finger on the property, unless the property is paint or pipe or something like that. I think all State agencies have these records of acquisitions. The schools have the records. They have signed a definite "certification and agreement," and, in most States that I know about, the schools are frequently reminded of this fact.

When this program started we used to use an old mimeograph form which changed about every 3 months, a loose, indefinite agreement about what the school agreed to do. I doubt if those would hold water in anybody's court, but the certification and agreements signed by donees in recent years are enforceable contracts.

Mr. McCORMACK. You do believe in the theory of cooperative agreements?

Mr. KELLER. Yes, sir.

Mr. McCORMACK. Let us turn to page 3, the language there—

that either such agency will make available to the other agency such property, personnel, or funds as may be necessary to enable it to perform such duties.

I suppose that is language which attracts your attention?

Mr. KELLER. It attracts our attention for this reason. I do not know where you stop on it.

Mr. McCORMACK. Did you hear the testimony of one of the witnesses earlier this afternoon that in order to make a cooperative agreement the Federal agency with the State agency, where the State

agency's money is used, there has to be authority in law for the Federal agency to do that; to wit, the Department of Health, Education, and Welfare?

Mr. KELLER. You mean the point on voluntary services?

Mr. McCORMACK. Yes.

Mr. KELLER. I think that would certainly be proper to take care of. In fact, I do not have objection to cooperative agreements as such.

What I am suggesting to the committee is that you enact language that is not so broad.

Mr. McCORMACK. This would seem a practical operation would be where the State funds would be used in connection with seeing on the State level that there is compliance that would inure to the benefit of the Federal Government—appropriations on the part of the Federal Government.

Mr. KELLER. I think it would go a little further than that.

Mr. McCORMACK. That may be so.

Mr. KELLER. It actually provides for a transfer of funds. You can transfer Federal funds to the States under that language.

Mr. McCORMACK. Anything that is done under it, the Secretary of Health, Education, and Welfare has to prescribe it.

Mr. NOLAN. Try and get it.

Mr. BARRY. You have a fat chance of transferring Federal funds.

Mr. McCORMACK. If the Secretary does not want to enter into a cooperative agreement, one will not be made.

Mr. KELLER. I agree.

Mr. McCORMACK. Under this provision. So the control in relation to the kind of an agreement rests in the Federal Government.

Mr. KELLER. It rests in the Department of Health, Education, and Welfare, if you pass this legislation. I think this is our basic difference. We believe that when you give a delegation of authority you should spell out what you intend to authorize.

Mr. McCORMACK. You will notice that we assume that they will do what they ought to do, but it does not necessarily follow that they will. There is a presumption running in their favor; is there not?

Mr. KELLER. Of course.

Mr. McCORMACK. I assume that the General Accounting Office does what Congress intended it to do.

Mr. KELLER. I think we are but there may be differences of opinion.

Mr. McCORMACK. I am a great admirer of the General Accounting Office. It is an arm of the Congress. We look to that agency, the Congress does. We hope it always maintains its independent status.

It seems to me that that language is necessary in order for the Federal agency, to wit, the Department of Health, Education, and Welfare, to make agreements on the State level with the State where the State funds are used in connection with either compliance, supervision, anything of that kind. They can have control of the reports, etc., to find out where there is any noncompliance.

Mr. KELLER. I think that will depend on what legislation is finally enacted.

Mr. McCORMACK. You may be right. I am not saying you are wrong. I am just trying to probe into this to find out, because this bill was introduced as an avenue for the hearings. I am not wedded to every word in that bill because I happen to have introduced it. I am the author of it.

These hearings were for the purpose of finding out not only its strength, but its weaknesses. As a matter of fact, hearings are more inclined to develop the weaknesses in a bill, and to improve upon it.

What language would you suggest in lieu of section 3?

Mr. KELLER. At this time, Mr. Chairman, I do not have specific language. I will be glad to assist with it, if I know specifically what is intended.

Mr. McCORMACK. You agree with the purpose of it, but saying that it is too loose, the burden is upon you to supply something in lieu thereof, and I mean by you, the General Accounting Office.

Mr. KELLER. If we are given the facts as to exactly what is intended, we will be glad to help with it.

Mr. McCORMACK. I think that section 3 is very plain as to what is desired to be accomplished.

Mr. KELLER. I do not know, Mr. Chairman. The way I read section 3, is that practically all of the authority of the Department of Health, Education, and Welfare in this program and their appropriations made by Congress for this program could, by their agreement with the States, be turned over to the States.

Mr. McCORMACK. That does not say that. I do not understand it that way.

Mr. KELLER. I don't think I am reading it wrong.

Mr. McCORMACK. It gives the Secretary the authority to enter into cooperative agreements with the States. The control is completely within the Department of Health, Education, and Welfare. That means the Secretary, the Department, does it not?

Mr. KELLER. Yes.

Mr. McCORMACK. That is the Federal Department.

Mr. KELLER. Suppose the Department decides that they will turn over all of their duties to the States.

Mr. McCORMACK. Can you imagine them doing that—could you imagine that?

Mr. KELLER. I doubt if they would, but we are talking about enacting legislation.

Mr. McCORMACK. We have to apply the rule of reason.

Mr. KELLER. Yes, but I do not think it should be left wide open.

Mr. McCORMACK. All right. We could discuss it all day. You agree that basically there is some justification for trying out cooperative agreements?

Mr. KELLER. Absolutely. There are a number of other laws which are on the statute books. I think that agriculture is one where cooperative agreements have been worked out. I do not believe that the language is as broad as this.

Mr. McCORMACK. I assume that you will be willing to sit in with these other agencies?

Mr. KELLER. I will be very glad to.

Mr. McCORMACK. Have you any questions, Mr. Ward, that you want to ask Mr. Keller?

Mr. WARD. No, I do not believe so.

Mr. McCORMACK. Are there any questions, Mr. Jonas?

Mr. JONAS. No, sir.

Mr. McCORMACK. Mr. Moss?

Mr. MOSS. No, sir.

Mr. McCORMACK. Thank you very much.

Mr. KELLER. Thank you.

Mr. McCORMACK. We will next hear from Congressman Hubert Scudder, of California.

We are very glad to have you here.

**STATEMENT OF HON. HUBERT B. SCUDDER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. SCUDDER. Mr. Chairman, this bill came to my attention very suddenly the last few days. I have had quite a number of letters and telegrams from schools in my district, from the Salvation Army Home, which is located in my district at Lytton, Calif., and from the Board of Supervisors of Marin County, and many school districts, in which they ask that this bill be passed.

The present law has done a great amount of good in supplementing equipment in their various organizations. They feel that if the surplus properties are being disposed of that the public institutions be given the first opportunity of availing themselves of the same.

I am not familiar with the entire program that you are working on except that I have hurriedly read over the bill and I appreciate this opportunity of coming before you and expressing the desire of the people of my district who would benefit by this type of a program, and giving you their views on the matter.

Mr. McCORMACK. Thank you very much, Mr. Scudder.

Are there any questions? We appreciate your appearance.

Mr. SCUDDER. Thank you very much.

Mr. McCORMACK. It appears to me that the hearings are going to close much quicker than we thought. The area of difference apparently is not so wide, but what we can proceed much more rapidly than we anticipated.

The Chair will declare the hearing adjourned until next Thursday at 10 o'clock.

(Whereupon, at 5:20 p. m., the subcommittee adjourned, to reconvene on Thursday, February 17, 1955, at 10 a. m.)

UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES

THURSDAY, FEBRUARY 17, 1955

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON DONABLE PROPERTY,
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m., in room 1501, New House Office Building, Representative John W. McCormack presiding.

Subcommittee members present: Representatives John W. McCormack (chairman), John E. Moss, Jr., and Charles R. Jones.

Also present: Ray Ward, staff director, Special Subcommittee on Donable Property.

Mr. McCORMACK. The subcommittee will be in order.

I have a statement here from Patrick Healy, Jr., executive director of the American Municipal Association, a national organization representing 12,000 municipalities in 44 States, in favor of the bill.

Without objection, it will be made a part of the record.

(The statement referred to is as follows:)

STATEMENT OF PATRICK HEALY, JR., EXECUTIVE DIRECTOR, THE AMERICAN MUNICIPAL ASSOCIATION, WASHINGTON, D. C.¹

The American Municipal Association supports the principles embodied in H. R. 3322 to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.²

We respectfully suggest, however, that the terms of the bill, while making clear congressional intent regarding the disposal of donable surplus property, fall far short of achieving the ultimate goal expressed by many Members of Congress who are interested in this problem. Congressman McCormack admirably told the House of Representatives on February 10, that "the taxes that American citizens paid to the Federal Government bought this property, the public owns it, not Federal agencies * * *" and that this bill, H. R. 3322, aims to allow the public to utilize "for good purposes what it already owns."

We note with regret, however, that this bill does not accord any priority status to municipal governments as such or to specific operating departments of municipalities. The municipalities of the Nation are the units of govern-

¹ For further remarks of Mr. Healy, see pp. 143 and 144.

² The following resolution was adopted at the American Municipal Association's 13th Annual Convention in New Orleans, La., December 2, 1953:

DISPOSITION OF FEDERAL SURPLUS PROPERTY

Whereas the Federal Government, through the medium of the Hoover Commission and using the device of a task force, as studying the subject of orderly distribution of surplus Federal properties; and

Whereas the interests of governmental agencies serving the public are paramount to those of other interests: Now, therefore, be it

Resolved, That the executive director and staff of the American Municipal Association be instructed to take whatever action is necessary with Federal administrative and appointed agencies as well as with the Congress to insure for municipal government priority status in the Federal Government's program of surplus property disposal.

ment, in the American scheme of things, which daily supply the most essential and most numerous governmental services used by the average citizen in his daily affairs. We feel, therefore, that there should be recognition of municipal governments in any program concerned with the disposal of donable surplus property.

There is only one set of taxpayers in the United States. The same taxpayer who pays Federal taxes also pays local taxes. Consequently, once having bought the property through his taxes it is sound public policy to allow the governmental unit serving the taxpayer to avail itself of the opportunity to recapture the property already bought and paid for with his money, before taxing him again to go out and buy an identical or similar item for public use.

If we are to have a strong America our local units of government must be strong. They can only achieve strength within their fiscal limits and financial resources. Consequently, any device which allows municipalities to make greater use of existing fiscal resources or conserve public funds is a device that strengthens local government. It would be a mistake in our opinion to have the opportunity to accord to municipal governments a priority status in the disposal of surplus property and to neglect the opportunity.

We further respectfully suggest that there are other governmental functions performed by local governments besides health and education which can be aided by the use of surplus Federal property. For instance, we know of a recent case in a California city where a municipality purchased a quantity of recreational equipment which had been declared surplus, at a substantial profit, to a dealer who had only recently purchased it from the Federal Government. It seems to us that it would have been sound public policy and resulted in a saving to the taxpayers all around if there had been established a system whereby this municipality could have been donated the property for the performance of a public governmental function for its citizens. Lacking such a system, the taxpayers had to pay for the same material twice, not to mention the cost of handling, storing, inventorying, transportation, etc., which they also had already paid for.

One of the growing items of major concern to all levels of government in the United States is the civil-defense function. Because of the similarity in organization and performance of specific tasks within that function and functions of the Defense Department, there is a vast quantity of surplus Federal property which can be utilized by local government for civil-defense purposes. No function of local government in the event of an enemy attack will be more important than civil defense. It is in the nature of civil defense that the majority of the planning and stockpiling must be done before attack comes. Consequently, now is the time to establish municipal priorities for the use of donable surplus property. Now is the time to stockpile it. Now is the time to prepare for the defense of our civilian populations by allowing local units of government to acquire those materials and pieces of equipment which have been declared surplus for Federal use, but which are vitally needed for local civil-defense purposes.

We could, of course, go through a lengthy category of municipal services for the performance of which billions of dollars worth of property—already bought and paid for by local taxpayers—could be used. The members of this committee and the rest of the Members of Congress, however, need no briefing on this subject.

Prior to suggesting specific amendments to the bill under consideration this morning I should like to emphasize one other point for the committee. That is the financial plight of American local government. Municipalities have been caught between the two jaws of a giant financial vise which sometimes seems to threaten their very existence. One jaw of the vise is the increased cost of increased services demanded by local citizens. The other jaw is the increased share of the total tax dollar collected by the Federal Government, thus leaving local government fewer and fewer dollars to perform more and more services. Official United States Government figures compiled by the Census Bureau's Governments Division show that in 1932 the Federal Government collected only 23 cents out of the Nation's total tax dollar, leaving 23 cents for State collections and 54 cents for local government. Twenty years later this situation has been completely reversed. By 1951 the Federal Government was taking 73 cents out of the Nation's total tax dollar, leaving 14 cents for the States

and only 13 cents for local government. In one generation local government's share of the Nation's total tax dollar plummeted from 54 cents to 13 cents.³

We are not here to discuss the whys of this situation. For the present we will grant that this was necessary and justified. The point we do want to make is that if the Federal Government takes the first and biggest bite out of the taxpayer's total tax dollar, it is only fair, just, and equitable that steps be taken to try to give the taxpayer the greatest possible opportunity to obtain value received for his taxes. A system of municipal priorities in the disposal of donable surplus Federal property is one excellent way of achieving this laudable goal. What we are suggesting is not a boondoggle, nor are the municipalities asking for a grant or a handout. Rather we are suggesting a sound policy and program of intergovernmental relations at their best.

To accomplish this we propose the following amendments to H. R. 3322:

(A) On page 2, lines 1 and 2, strike out the words "educational purposes or public health purposes," and insert the following: "governmental purposes."

(B) On page 2 commencing on line 16 to page 3 ending on line 4, strike out subsection "(m)" and insert the following:

"(m)" The Secretary of Health, Education, and Welfare or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State governments or departments thereof, or the governments of political subdivisions of a State, which are responsible for carrying out, within their respective jurisdictions; governmental programs, for the utilization of surplus property for the performance of such purposes. Such cooperative agreements may provide that either the Federal agency or the agency of State governments or the governments of their political subdivisions, will assume responsibility for a part of the duties of the other agency which relate to such programs and that either such agency will make available to the other such property, personnel or funds as may be necessary to enable it to perform such duties."

(C) A change in the title of the bill so that it reads: "A bill to amend the Federal Property and Administrative Services Act of 1949 for the utilization of surplus property for governmental purposes by State and local governments."

Mr. Chairman, members of the committee, on behalf of the 12,000 municipal members of our association, I should like to thank you for the opportunity to appear here this morning. Mention should be made of the cooperation of the committee's staff in seeking to determine the views of local government on this subject. I shall be happy to try to answer any questions that you may have.

Mr. McCORMACK. I have here a letter from Gov. George Bell Timmerman, Jr., of South Carolina.

(The letter referred to is as follows:)

STATE OF SOUTH CAROLINA,
EXECUTIVE OFFICE,
Columbia, February 15, 1955.

HON. JOHN W. McCORMACK,
Special Subcommittee on Donable Property,
Old House Office Building, Washington, D. C.

DEAR CHAIRMAN McCORMACK: I wish to thank you for your telegram inviting attention to the hearings before your committee on H. R. 3322. Since my sched-

³ Percent distribution of Federal, State, local tax collections, 1929-51:

[Percent]

Year	Federal	State	Local	Year	Federal	State	Local
1929.....	35	20	45	1947.....	76	12	12
1932.....	23	23	54	1948.....	74	13	13
1942.....	59	19	22	1949.....	71	14	15
1945.....	81	9	10	1950.....	69	15	16
1946.....	78	11	11	1951.....	73	14	13

Source: Council of State Governments, from data prepared by the Governments Division, Bureau of the Census, U. S. Department of Commerce. (Charts prepared for the governors conference, 44th annual meeting, on Federal, State, and Local Government Finances for 1951 and Selected Previous Years.)

ule prevents a personal appearance, this letter is submitted for the record of your hearings.

I am familiar with the donations program under Public Law 152, having served for 8 years as Lieutenant Governor prior to taking office as Governor.

Increasing populations in the several States create needs for additional educational and health facilities. This, in turn, calls for greater expenditures for these purposes. It is good sense and good business to use suitable surplus property in schools and hospitals.

Government owes an obligation to the public to use wisely property that has been or will be paid for by the taxpayers.

All property of the United States Government belongs to the people of the United States. When such property is of no further Federal use, the interest of the public is best served by making this property available for continued public use in the States.

There can be no economic or moral justification for selling surplus property for less than value to speculators when it can be used advantageously by educational and health institutions in the several States. Continued use of such property on the State level provides continuing benefits to the public whose tax dollars were used to purchase it.

The great stress being put on education and health facilities emphasizes the importance of this program.

Assuring you of my interest and support of this program, I am

Sincerely,

GEORGE BELL TIMMERMAN, Jr., *Governor*

Mr. McCORMACK. I have a statement of Rowland Jones, Jr., president of the American Retail Federation.

(The statement referred to is as follows:)

STATEMENT OF ROWLAND JONES, JR., PRESIDENT OF THE AMERICAN RETAIL
FEDERATION

The American Retail Federation is a federation of 27 national retail trade associations and 35 State retail associations representing approximately 700,000 retail stores. Attached is a list of the organizations in whose behalf this statement is submitted.

H. R. 3322, which will restore to our educational and public health institutions the right to utilize surplus property for educational and health purposes, is a sound bill and deserves, in our opinion, the favorable consideration of this committee as well as both Houses of Congress.

The multitude of retail establishments in our country, individually and through their associations, have had a long and continued interest in the progress and development of a sound educational system (public and private), as well as adequate public health facilities.

The members of the American Retail Federation are aware of the critical situation in which our entire educational system is currently enmeshed. Rapidly increasing enrollments in the face of limited classroom space, inadequate equipment, and a limited supply of teachers do not present a simple problem for easy solution in the foreseeable future—especially when many schools have already reached their bonding limits and have no recourse to funds which could alleviate some of their more pressing and immediate problems.

It has been demonstrated by past experience that the educational and health institutions have benefited tremendously from surplus property which was made available to them. It is evident that their requirements are growing and the right to requisition donable surplus is sorely needed.

The American Retail Federation and its component members recommend without reservation the speedy approval and passage of H. R. 3322.

Please accept our thanks for this opportunity to express the views of the American Retail Federation on this question and it is our hope that as a result of the timely hearing you are conducting, a much needed relief may soon be accomplished.

MEMBER ASSOCIATIONS, AMERICAN RETAIL FEDERATION

NATIONAL ASSOCIATIONS

American National Retail Jewelers Association
American Retail Coal Association
Associated Retail Bakers of America
Association of Family Apparel Stores, Inc.
Institute of Distribution, Inc.
Limited Price Variety Stores Association, Inc.
Mail Order Association of America
National Appliance & Radio-TV Dealers Association
National Association of Chain Drug Stores
National Association of Music Merchants, Inc.
National Association of Retail Clothiers & Furnishers
National Association of Retail Grocers
National Association of Shoe Chain Stores
National Foundation for Consumer Credit, Inc.
National Industrial Stores Association
National Jewelers Association
National Luggage Dealers Association
National Retail Dry Goods Association
National Retail Farm Equipment Association
National Retail Furniture Association
National Retail Hardware Association
National Retail Tea & Coffee Merchants Association
National Shoe Retailers Association
National Sporting Goods Association
National Stationery & Office Equipment Association
Retail Paint & Wallpaper Distributors of America, Inc.
Women's Apparel Chains Association, Inc.

STATE ASSOCIATIONS

Arizona Federation of Retail Associations
California Retailers Association
Colorado Retailers Association
Delaware Retailers' Council
Florida State Retailers Association
Georgia Mercantile Association
Idaho Council of Retailers
Illinois Federation of Retail Associations
Associated Retailers of Indiana
Associated Retailers of Iowa, Inc.
Kentucky Merchants Association, Inc.
Louisiana Retailers Association
Maine Merchants Association, Inc.
Maryland Council of Retail Merchants, Inc.
Massachusetts Council of Retail Merchants
Michigan Retailers Association
Minnesota Retail Federation, Inc.
Missouri Retailers Association
Nebraska Federation of Retail Associations, Inc.
Nevada Retail Merchants Association
Retail Merchants' Association of New Jersey
New York State Council of Retail Merchants, Inc.
North Carolina Merchants Association, Inc.
Ohio State Council of Retail Merchants
Oklahoma Retail Merchants Association
Oregon State Retailers' Council
Pennsylvania Retailers' Association, Inc.
Rhode Island Retail Association
Retail Merchants Association of South Dakota
Retail Merchants Association of Tennessee
Council of Texas Retailers' Associations
Utah Council of Retailers
Virginia Retail Merchants Association, Inc.

Associated Retailers of Washington
West Virginia Retailers Association, Inc.

Mr. McCORMACK. I have a letter from William G. Carr, executive secretary of the National Education Association of the United States. (The letter referred to is as follows:)

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES,
Washington 6, D. C., February 16, 1955.

Hon. JOHN W. McCORMACK,
Chairman, Special House Subcommittee on Donable Surplus Property,
Washington 25, D. C.

DEAR MR. McCORMACK: In connection with the current hearings being conducted by your subcommittee, I would like to submit the following on behalf of the National Education Association. The membership of the NEA includes over 568,000 teachers and school administrators at all levels of education and in all sections of the Nation.

Since the end of the Second World War, schools and colleges have benefited materially from the surplus property donations of the Federal Government. The broad public benefit of this program cannot be overemphasized; not only schools, but also hospitals and other public health institutions have enjoyed these surplus donations.

In the years immediately following the end of the war, many thousands of veterans could not have found a place to resume their education in high schools, colleges, and universities without the material assistance provided educational institutions by the Federal surplus program in the form of buildings, laboratory equipment, and essential supplies. Through the intervening years, the surplus program has continued to benefit the schools.

We hope that as a result of your study of the program effective means will be developed for maintaining the flow of donable surplus property to educational institutions around the country.

Yours sincerely,

WILLIAM G. CARR, *Executive Secretary.*

Mr. McCORMACK. I also have a letter from Chaffey College, of Ontario, Calif., and Lodi Union High School, Lodi, Calif. (The letters referred to are as follows:)

CHAFFEY COLLEGE,
Ontario, Calif., December 27, 1954.

Mr. C. R. KLEVELAND,
Surplus Property Officer,
State Educational Agency, Surplus Property.

DEAR MR. KLEVELAND: I am sorry I am late with this material but the entire office staff of the college is off this week and I am forced to do this the "hard way."

The following is an outline of the material I think you wanted.

1. Since the college aeronautics course has been approved by the Civil Aeronautics Authority in 1947 we have been responsible for obtaining the CAA mechanics licenses for over 100 students.

2. Over 75 percent of these students are now employed in the aviation industry, for the most part locally and for firms doing overhaul work on Government contracts. We also have a number of students in our classes that are presently employed at Norton Air Base and commute from San Bernardino daily.

3. At least one-third of the aero equipment since our approval in 1947 have been received from your agency.

4. A typical example of one of our graduates is Mr. David Powell, 8203 Burdandy, Cucamonga, Calif. Mr. Powell was a gas station operator and enrolled in our aero mechanics course in March 1950. He graduated in June 1952 and received his CAA license. He obtained immediate employment in the aviation industry. He is now employed as a crew chief on the flight line for Lockheed Aircraft Corp., here at International Airport, in Ontario. Lockheed's contract with the United States Government is a jet plane overhaul contract.

I hope this information will be of some value to you. I can attest to all the facts as stated above.

Sincerely,

FRED FELSCH, *Head, Aeronautics.*

LODI UNION HIGH SCHOOL,
Lodi, Calif., December 15, 1954.

Mr. E. R. ANDERSON,
State Agency for Surplus Property,
Sacramento, Calif.

DEAR SIR: We would like to submit a report on one of our typical students who has benefited by the training received in our shops on surplus property equipment.

This training was offered in our woodshop and includes the following machines secured from your agencies:

- 1 DeWalt radial saw
- 1 Wysong & Miles hollow-chisel mortiser
- 1 Meat-cutting band saw converted for woodwork

Our student, Doyle Hart, received 2 years' training in our shops followed by 2 years' work experience in the Electric Planing Mill, Stockton, Calif. He was called into the United States Army and is stationed now in Germany. Shortly after arriving there he was placed, because of this experience, in the cabinet and repairs shop of a large hospital. This story could be repeated many times using other names of our graduates in this department.

Our sincere thanks to you, and to the agency, for your services in securing this valuable equipment. Had it not been available to us in this way, it is very doubtful that our school would have been able to offer training on this type and quality of machinery.

Yours truly,

ARTHUR O. PAYTON,
Head, Department of Industrial Arts.

Mr. McCORMACK. We have any number from colleges and hospitals, probably hundreds of communications, and I have some others which will be listed at the end of the hearings.

I have a communication from Congressman Brooks Hays enclosing letters from the superintendent of the North Little Rock public schools, from the director of administration of the State Hospital Board of the State of Arkansas, from the dean of the University of Arkansas School of Pharmacy, and from the supervisor of the Arkansas State Agency for Surplus Property.

(The letters referred to are as follows:)

BOARD OF EDUCATION,
NORTH LITTLE ROCK PUBLIC SCHOOLS,
North Little Rock, Ark., February 10, 1955.

Concerning H. R. 3322

Congressman BROOKS HAYS,
House Office Building, Washington, D. C.

DEAR CONGRESSMAN HAYS: During the first years of the surplus-property program, the schools—as well as other governmental agencies—over the entire United States benefited greatly from the property which they received under this program.

However, during the past few years—since the plans for the acquisition of this property was changed—the value and amount of surplus property which has been available to the schools and local and State governmental agencies has been reduced almost to the vanishing point. Business firms and other commercial agencies are in the position of being able to offer the highest bid on any available property; and, in almost every instance, have been able to outbid the schools.

For this reason, we sincerely urge your support of H. R. 3322.

Yours very truly,

CLIFFORD S. BLACKBURN,
Superintendent of Schools.

STATE HOSPITAL,
Little Rock, Ark., February 10, 1955.

Congressman BROOKS HAYS,
Capitol Building, Washington, D. C.

DEAR CONGRESSMAN HAYS: In behalf of the staff of the State Hospital, Little Rock, Ark., I would like to take this opportunity to request your cooperation on

the passage of a bill which we understand will be presented in the very near future. The bill is H. R. 3322, which provides for the release of surplus properties to qualified State agencies, such as ours, and relieves the stockpiling of equipment that is not needed by Federal agencies.

This institution has received several thousand dollars' worth of equipment which has been donated to us through the surplus-property division of the State department of education, but we feel that a great savings could be made if this bill is passed and additional property made available for our use that is now being stockpiled and not being used by any agency.

The surplus-property division of the State department of education has been very helpful to us in securing much of our needs for equipment that we are not able to buy due to lack of funds, but it is felt that their benefit to this and other institutions of this type in Arkansas would be greatly increased by the passage of the above-indicated bill.

We appreciate very much your interest in our institution and in assisting us in our problems.

Sincerely yours,

K. W. NEWMAN,
Director of Administration.

UNIVERSITY OF ARKANSAS,
SCHOOL OF PHARMACY,
Little Rock, Ark., February 16, 1955.

Congressman BROOKS HAYS,
Capitol Building, Washington, D. C.

DEAR CONGRESSMAN HAYS: I am writing you today to ask your very special consideration and emphasis on the passing of H. R. 3322.

It is very difficult to overemphasize the tremendous value that Government surplus property has been in the establishment and operation of, in particular, this professional school of pharmacy of the University of Arkansas Medical Center. As you know, available funds for the advancement of all forms of education is drastically low. Education all over the United States needs this assistance. After all, the taxpayers of the United States have paid for this property and it seems only reasonable and right to release it to those educational institutions that can use it. Here in the medical center, I would personally consider it a great loss to have this privilege of buying surplus property taken away from us.

I am sure other States have problems similar to ours in that we rarely have enough money to more than pay for schools existence. Therefore, the privilege of securing this aid by way of surplus Government property saves literally thousands of dollars of taxpayers' money, and at the same time helps us to operate a more efficient school.

Passing this bill will in the end help all the people instead of a few commercial enterprises.

Every effort you can give to the above consideration certainly will be appreciated by all the people of this country of ours.

Sincerely yours,

STANLEY G. MITTELSTAEDT, Dean.

STATE OF ARKANSAS,
DEPARTMENT OF EDUCATION,
Little Rock, Ark., February 14, 1955.

Hon. BROOKS HAYS,
United States House of Representatives,
House Office Building, Washington, D. C.

DEAR Mr. HAYS: The eligible public health and public educational institutions of this State have profited by many thousands of dollars by the acquisition of surplus property under the Federal Surplus Property and Administrative Act of 1949. Since February 1, 1954, however, the flow of usable and needed property to these institutions has been critically reduced. This reduction has resulted from

a directive by the Department of Defense stock funding all property except that which has little or no monetary value. Good property, such as vehicles, hand tools, shop equipment, refrigerators, cafeteria equipment, office furniture, business machines, and like items, are being sold to speculators at the surprisingly low return of 6 percent and less of acquisition cost instead of being returned to taxpayers who need it so badly.

Representative John W. McCormack, of Massachusetts, has introduced H. R. 3322 which will, if passed, correct this practice and return this property to our tax supported and tax exempt institutions.

Your interest in these institutions is known and your active support of H. R. 3322 will be appreciated.

Yours very truly,

G. A. KEELING,

Supervisor, Arkansas State Agency for Surplus Property.

Mr. McCORMACK. A letter was received from Robert F. Nolan, supervisor of the division of vocational education of the Commonwealth of Massachusetts.

Mr. Nolan testified, but included statements from the educational and health units of Massachusetts.

(The letter referred to is as follows:)

THE COMMONWEALTH OF MASSACHUSETTS,

DEPARTMENT OF EDUCATION,

DIVISION OF VOCATIONAL EDUCATION,

Boston, Mass., January 21, 1955.

Mr. RAY WARD,

Staff Director, Intergovernmental Relations Subcommittee, Committee on Government Operations, Washington, D. C.

DEAR MR. WARD: In accordance with your request, I am submitting herewith the statements made by representatives of the various educational and health units you visited during your recent visit to this State.

We have been delayed in sending these due to school vacations, but I believe they express the interest of the units and show that they are able to make effective use of surplus in the best interests of the general public.

Very truly yours,

ROBERT F. NOLAN, *Supervisor.*

STATEMENT FROM EDUCATIONAL AND HEALTH UNITS, MASSACHUSETTS

1. Peter Bent Brigham Hospital, Donald G. Clement, plant superintendent

I thought you might be interested in a "behind the scenes" use of a piece of surplus property that we were so privileged to obtain through the surplus property program.

This is a typical incident in the routine of my departure at the Peter Bent Brigham Hospital. We are called on frequently to construct various pieces of experimental equipment that are being used by the surgeons and chemists in this institution.

A short time ago, we were called upon to construct a large tank, to which an elevating device was to be attached to raise and lower a stretcher bed, so that a patient could be submerged in a bath of ice. This is done to chill the blood of the patient and reduce the body temperature sufficiently, so that a delicate operation could be performed. We were at a loss as to what we should use in the construction of the elevating equipment, until we struck on the idea of using some stainless steel 2-inch tubing which we obtained from surplus. This, with angles and steel rod was satisfactorily used, so that our end of the operation was pronounced very successful.

Because of the low handling cost to an institution of this sort, we are able to experiment more successfully than if we had to pay the tremendously high cost of materials at the present time.

We wish to thank you again for the opportunity of obtaining surplus materials through your agency, which has always been most helpful.

2. *Massachusetts General Hospital, Dr. Dean A. Clark, general director*

This is to express our recognition of and appreciation for the substantial aid provided us by the surplus property donation program during the past year. Under the program we have been able to acquire needed items of replacement and addition to professional equipment as well as administrative furniture requirements, which we would have been financially unable to obtain otherwise. Having access to this surplus Government property has not only affected our accomplishments in the area of patient care, but directly facilitates our contribution toward civil defense. Many of the items acquired through your program are used in our training and research programs. The need for trained nurses and doctors in civil-defense work is self-evident and requires no elaboration here. The achievements in our medical research laboratories, though not so readily discernible, very frequently contribute directly or indirectly to civil defense, and we are grateful for your part in facilitating this work.

We look forward to your continued valued contribution during the coming year.

3. *St. Elizabeths Hospital, Sister Mary Alma, O. S. F., administrator*

In the past 5 years it has been our privilege to go to the surplus warehouse perhaps twice every year. Long before the semiannual visit the supervisors of various departments come to remind me that it must be getting time for us to go to Taunton, and enumerated several items which they would like to have if available, but which perhaps do not come under the category of being strictly essential. For example, the science laboratory in the school of nursing has as one of its laboratory experiments growing of bacteria on various types of media. This can be done by improvising the favorable environment of darkness and warmth and moisture. In 1954, however, students should be given the opportunity of using an incubator. Up to now the expenditure was not authorized. After our fall trip to Miles Standish, the school now has its long desired incubator and our students have the opportunity of growing bacteria in the accepted method of today rather than the improvisation of 40 years ago.

The nursing school likewise benefited by the replacement of some 30 of its beds which long deserved retirement. Other pieces of furniture—chests of drawers, chairs, have been replaced by better units taken from Government surplus and refinished by our maintenance department.

In addition to the nursing school St. Elizabeths Hospital has a medical education program involving the whole staff but more especially some 28 or 30 medical students, interns, and residents. These young people have benefited from the surplus program by replacing of some wornout beds, bookcases, chairs, chests of drawers. In the general laboratory, additional facilities have been acquired which made available to the house staff whatever units which they could use without disturbing the regular laboratory staff. Additional anesthesia machines have provided wider possibilities for instruction in anesthesia. A surplus resuscitator outfit was made available for the emergency department which is not only an additional tool for the resident staff, but likewise of value to those in need of resuscitation in the emergency department.

An X-ray therapy machine widened the scope of the residency in radiology as well as providing more complete facilities for the treatment of cancer. Miscellaneous surgical instruments and pharmaceuticals have contributed to the general equipment and thereby to the greater efficiency of the respective departments. Very little, if any, of the surplus materials have not been used up or are not in daily use. Practically nothing has gone into storage.

The Government services have some return from this institution in that even in a very cursory glance through the graduates in the last 5 years indicate that 60 are now in the services from Thule to Jacksonville and from the east to the west coast of this country with all points in between. Thirty of the medical resident staff who have been here in the last 5 years are now in the Government services from one end of the world to the other.

I would like to take this opportunity to acknowledge the appreciation of the trustees of St. Elizabeths Hospital as well as that of the medical staff, the nursing staff, and the entire personnel for the contributions received from Government surplus. These contributions have made for greater efficiency throughout the institution. It is hoped that while surplus properties do exist, it will be possible for us to avail ourselves of them.

4. *Massachusetts Institute of Technology, D. P. Keily, meteorology professor, instrument laboratory*

Last winter you assisted the department of meteorology in obtaining some surplus teletype equipment. With this and other gear on hand we have been able to set up a radio-teletype receiver to receive European weather bulletins not economically available to us on the usual wire circuits.

This new weather data is to be used this spring semester in the training of Air Force weather officers. It is particularly valuable because it gives these students overseas weather data in regions to which they may soon be assigned and for which the study of North American weather is not sufficient. The radio-teletype data is also valuable in certain Government-sponsored research programs now in progress in this department.

Without the surplus property we would not have undertaken to set up the present radio weather receiving system.

5. *Wentworth Institute, H. Russell Beatty, president*

Wentworth Institute is appreciative of the help which it has received in obtaining Government surplus property for instructional purposes in the various technician training courses which we are operating. We have received at least \$40,000 to \$50,000 worth of aircraft engines and parts for use in our CAA-approved aircraft-maintenance course. We have obtained both radial and turbojet engines, a plane, and many components. It would have been difficult to equip our aircraft shops without the help which we have obtained from surplus-property donations.

Wentworth Institute has graduated 125 young men as CAA-licensed engine and airframe mechanics during the past 7 years. Many of these young men have gone directly into military service in either the Navy or Air Force. Some have qualified as flying officers, while others have received specialists' ratings as technicians and mechanics.

The following cases will illustrate the way in which these graduates are aiding our defense efforts:

Case I: Lt. William Anderson, 24 Brierwood Lane, Norwood, graduated in June 1953 and entered the United States Marine Air Corps in August of the same year. He was commissioned a second lieutenant at Pensacola, Fla., on October 10, 1954, and is now stationed at Peter Field Point, Jacksonville, N. C., as a helicopter pilot. Prior to entering the service he was employed at Wiggins Airport, where he got his pilot's license which he had started working on while a student at Wentworth Institute. This is just one of many cases of Wentworth graduates from the aircraft-maintenance program becoming commissioned as flying officers.

Case II: A/IC George Burns, Central Street, Montague, graduated from Wentworth Institute in 1950 from our industrial electronics program. He is another case that illustrates the way in which our engineering technician background is used to good advantage by young men entering the defense of the United States. (Our industrial electronics laboratory has also received a great deal of equipment from Government surplus which has aided in the instruction of young men in this program.) Mr. Burns entered the military service of the United States in the Air Force and was recently awarded the airman-of-the-quarter honor at the Goodfellow Air Force Base in Texas. This is the fourth such honor which has been conferred upon him.

These are only a sample of many of our graduates who are making their contribution to our defense efforts. Not only is this true of our aircraft maintenance and industrial electronics graduates but also of our steam and diesel engineering graduates, our industrial electricity graduates—in fact, graduates from all of our courses. All of our students have benefited from the surplus-property donations which we have received.

It is our hope that such donations may continue in the future so that we can continue to provide the best possible education to young men at the lowest possible cost to them.

6. *Don Bosco Parochial Trade School, Rev. Louis Rinaldi*

I am submitting report—case history—on 3 boys who, having taken a 4-year course at Don Bosco Trade School, are at the present time doing splendid work in the service of the United States Armed Forces, being assigned to duties which they can fulfill only because of the training they received at Don Bosco.

I like to stress the fact that Don Bosco School could train those boys—and, for that matter, many others—only because machines and equipment were made

possible to us through the surplus-property donation program. This type of machinery and equipment is quite expensive and Don Bosco would never have been able to purchase it.

You might be interested to know that Don Bosco School had to turn down over 300 applicants in September 1954 for lack of facilities; also, we are at present reconditioning the old Brandeis School. This school, when ready in September 1955, can accommodate close to 1,000 boys. Naturally our great problem will be to find tools, machines, and other equipment.

It is our hope and prayer that the surplus-property donation program will continue and, if possible, increase its benefactions.

Robert Tricca was admitted to the Don Bosco Trade School September 8, 1948. Upon his request he was assigned to the machine shop and toolmaking department.

Going through the normal 4-year course, he passed from benchwork to operating the lathe, the shaper, the milling machine, and the turret lathe, graduating with honors in June 1952.

In January 1953 he enlisted in the United States Air Force, and after his basic training at Sampson, N. Y., he was sent to Sheppard Air Force Base, Wichita Falls, Tex., and assigned to work on B-29.

Presently he is attached to the Air Refueling Squadron, Dow Air Force Base, Bangor, Maine.

Harold Hayes entered the Don Bosco Trade School September 8, 1948, and asked to be allowed to take up work in the machine shop and toolmaking department.

He completed the normal 4-year course, gradually passing from the bench to the lathe, to the shaper, to the milling machine, and to the turret lathe, graduating in June 1952.

He enlisted in the United States Marine Air Force in September 1952, and after his basic training he was sent to Jacksonville, Fla., and assigned to jet-engine work, much to the joy and satisfaction of the boy.

In due time he was sent to Japan, and again assigned to jet-engine work.

In August of this year he was ordered back to the States, and is at present in California, still on jet-engine work.

His present address: Cpl. Harold Hayes, USMC 1346222, MVA 223, MAG 15, El Toro (Santa Ana) Calif.

Eugene O'Brien was admitted to Don Bosco Trade School in September 1947 and assigned to the woodworking department.

He followed through the 4-year course, learning cabinetmaking, inlaying, and furnituremaking. He graduated in June 1951.

He enlisted in the United States Navy, and after his basic training he was assigned for a short time to various duties aboard ship, and finally attached to the Hobby Shop, Cinclant, Fleet Headquarters, Norfolk, Va., where he has been teaching woodworking.

His present address: Eugene O'Brien, 9012791, FAU Cinclant, Fleet Headquarters Hobby Shop, Norfolk, Va.

7. Our Lady of Presentation High School and St. Joseph's High School, Somerville, Sister Therese, S. N. D., Science Teacher

In the 6 years that I was a teacher at Our Lady of Presentation High School, approximately 300 girls participated in the local science fairs. Not only did much of the materials and apparatus which they used come from war surplus but so also did the tables on which they were exhibited.

The science department was not the only one to benefit from this donation program. The commercial department received typewriters and business machines which made it possible to give courses that could not otherwise have been given. There is scarcely a room in the school or convent that does not contain some useful piece of equipment or furniture.

Since coming here to St. Joseph's School, Somerville, I have been able to enrich the science department, the commercial department, and the home-economics department, as well as the library and classrooms with articles received from the war surplus. Some of this equipment we could never have purchased because of limited funds.

To review a few of the outstanding projects that won highest prizes in local, archdiocesan, State, and regional science fairs, we can report that—

1. Dorothy Cergliaro, sound traveling on a beam of light; winner of scholarship to Emmanuel College, Boston, majored in chemistry, and is now at Notre Dame Training School, preparing to be a teacher of science.

2. Mary Burke, xerography; winner of Westinghouse STS and scholarships to Emmanuel College, Boston, and Trinity College, Washington; has majored in chemistry at Emmanuel; will be graduated in June 1955, and intends to continue research in chemistry.

3. Elaine Langevin, three-dimensional photography and polaroid; discovered new method of taking three-dimensional pictures. Unable to go to college.

4. Sheila Moriarty, radioactivity in Boston and vicinity; made her own Geiger counter, made her own telescope, maps of the constellations, and worked out original problem in astronomical mathematics; winner of honorable mention in Westinghouse STS.

5. Katherine Prince, oil analysis, original atomic model (now on display at Science Museum, Boston); is in training at Providence, R. I., for service in foreign missions.

6. Julieanne Moynihan, deionization of water; winner of honorable mention in Westinghouse STS; now training to be a nurse at St. Elizabeths Hospital, Brighton.

7. Joan Driscoll, light, problem child of science; winner of scholarship to Boston College, where she is now studying to be a teacher.

We are, indeed, grateful to those who have made this donation program possible, and hope not only that it may continue but that more schools will have the opportunity to share in our good fortune.

Mr. McCORMACK. I have a statement from Mr. M. D. Mobley, executive secretary of the American Vocational Association, Washington, D. C.

(The letter referred to is as follows:)

STATEMENT OF M. D. MOBLEY, EXECUTIVE SECRETARY, AMERICAN VOCATIONAL ASSOCIATION, WASHINGTON, D. C.

I am M. D. Mobley, executive secretary of the American Vocational Association—a professional organization composed of more than 30,000 vocational teachers, administrators, and lay citizens interested in the further development and improvement of vocational and industrial arts education.

The vocational and industrial arts programs are an integral part of our public-school system. The purpose of vocational education is to meet the training needs of persons who are preparing for employment and to supplement or extend the training for those who are employed. In order to conduct these programs in the public schools, much expensive equipment and materials are required. Under early practices employed in administering the Federal Property and Administration Service Act of 1949, much of the vocational training equipment and supplies needed were provided. This program did much to strengthen the vocational program.

Recently vocational educators have informed us that the equipment and supplies which are needed and formerly donated under the provisions of Public Law 152 have been diverted from the schools to the stock-funding program.

With the ever-increasing financial burden on our schools due to increased costs for operation resulting in a large measure from the great increase in school population, educational institutions are hard pressed to provide funds for the purchase of essential equipment and supplies. School officials are being forced to divert much of their funds available to building additional schoolrooms and employing additional teachers. If surplus property that has value for instructional purposes can be donated to schools, the instructional program will benefit materially.

Vocational education is concerned with skill development and technical knowledge. In this period of history, we are engaged in a battle with would-be aggressor nations in production and preparedness. Skilled workers must be trained. Vocational education has a stake in our future. We must provide it with support from every source available. Surplus property diverted to other uses has no insurance tag which says that it is labeled for our defense effort. If it is diverted to use in the vocational program, it will help to train our present and future skilled labor force. There is no better insurance for the defense of our country than having an adequate skilled labor force. Products manufactured today may be obsolete tomorrow, but skills developed today can be used tomorrow.

The membership of the American Vocational Association has through resolutions taken a definite stand on the surplus property question. During its annual

convention which was held in San Francisco, December 3 to 7, 1954, the house of delegates—the governing body of the AVA—passed unanimously the following resolution:

“SURPLUS PROPERTY FOR EDUCATIONAL NEEDS

“Whereas much equipment has been provided vocational departments and all schools in recent years through the Government donable surplus property program under Public Law 152; and

“Whereas much equipment seriously needed by schools is now being declared surplus by Government agencies; and

“Whereas recent development in a type of “stock fund sale program” by Government agencies to the public is diverting needed equipment away from public schools; and

“Whereas beneficial use can be made of this equipment for instructional purposes at no additional expense to the taxpayer: Therefore be it

“Resolved, That the Government services directly concerned with the disposal of surplus property be respectfully requested to make it available on a donable basis for educational use in the public schools.”

In conclusion may I say that the members of our association are interested in securing the much-needed equipment and supplies for vocational and industrial arts programs with the least cost to the taxpayer. To them it does not make sense to sell at from 25 to 50 percent of its value the surplus equipment and supplies which the taxpayers have paid for and then ask the taxpayers to purchase the same equipment at 100 percent of its value.

Mr. McCORMACK. I have a statement on surplus property from Mr. L. C. McKamie, superintendent of the Gatesville public schools, of Gatesville, Tex.

(The letter referred to is as follows:)

SURPLUS PROPERTY

The Government program, allotting surplus property to the schools is of inestimable value; especially is this true with schools having limited income.

We feel that since the property was paid for by taxpayers in the first instance, it is right that they get what value is left through tax-supported institutions.

Here in Gatesville we have received much valuable property. However, some of it is not too usable. In some instances it does not last too long since most of the value is gone when it reaches the schools. We feel that some better merchandise should be allotted to the schools that otherwise go through the auction channels.

Just to mention a few items we have received and its value:

Truck: Used in hauling freight, garbage, and supplies. This saves having to employ someone to do the work.

Panel trucks: One used as a troubleshooter for bus lines; one used for general school transportation.

Hand tools: Allotted both to bus shop and vocational agriculture departments; saves many dollars for the school.

Forge: Converted into an electrical forge for vocational agriculture department.

Filing cabinets: This merchandise is costly, new. We have used many in this school.

Desks: Converted into nice teachers' desks and office desks.

Refrigerators: These have not been too good. We have been able to work over 2 or 3 for use.

Office paper and supplies: We use this and saves a great deal of money for this type of materials.

Shop press: A valuable piece of machinery for shop use.

The above are just a few uses we have made of the property. Some of it is not usable and is beyond repair when we receive it. But we do use some of it in shop experiments, such as old ceiling fans used in science in teaching electrical techniques.

SUGGESTIONS

We think that the schools should receive better merchandise through donable programs rather than auction off merchandise that finds its way to retail trade. In most instances the prices are not high at the auctions.

We suggest that schools be allowed to request and select property that will fit into their own situation.

Gatesville schools would request the following property :

1. Large field house for a gymnasium
2. Hand tools for shop and vocational agriculture department
3. Office supplies (paper, carbon, etc.)
4. Steam table for cafeteria
5. Few more teachers' desks and chairs
6. Two or three more good typewriters
7. Tractors and other machinery for shop experiments
8. Good office furniture (for new building soon to be constructed)
9. Some good gas and electric stoves for cafeteria and general heating
10. Musical instruments for band (good—not worn out)
11. Adding machine
12. Good mimeograph machines for teachers and office work
13. Electric motors for science (not 3-phase)
14. General consumable materials suitable for school uses.

The above list contains only a few items we could use if good material—not “junk.”

Since the school is consistently growing, we can use a lot of property. This would save local taxpayers much money and would serve a need for the best interest of our future citizens.

We do appreciate what we have received and sincerely hope that the United States Government sees fit to continue this program.

L. C. McKAMIE,

Superintendent, Gatesville Public Schools, Gatesville, Tex.

Mr. McCORMACK. There is a letter from Hon. Theodore R. McKeldin, the Governor of Maryland, which, without objection, will be made a part of the record.

(The letter referred to is as follows:)

EXECUTIVE DEPARTMENT,
Annapolis, Md., February 10, 1955.

Hon. JOHN W. McCORMACK,
House Office Building, Washington 25, D. C.

DEAR MR. CONGRESSMAN: Thank you for your telegram of February 10 relative to donable property and the hearing which will take place on February 15.

Yours sincerely,

THEODORE R. MCKELDIN,
Governor.

Mr. McCORMACK. We have a letter from Mr. E. H. Talbert, director of the surplus property procurement, enclosing a letter from the surplus property procurement agency of the State of South Carolina.

(The letter and statement referred to are as follows:)

COLUMBIA, S. C., February 11, 1955.

Hon. WILLIAM L. DAWSON,
*Member of Congress, Congressional Office Building,
Washington, D. C.*

DEAR CONGRESSMAN DAWSON: We of the State agencies and all of the eligible educational and health institutions are grateful for the introduction of H. R. 3322 and S. 1004. Knowing how interested you are in this program and what an important part you will play, I am herewith taking the liberty of writing you, unofficial, from my residence to give information which may or may not be useful at the hearings. I trust that you will receive this in the same spirit in which it is given and will keep it in confidence.

The Department of Defense is going to put up a very vigorous fight and their arguments will be convincing unless their motives, philosophies, and figures are carefully analyzed and scrutinized. The following questions might bring some interesting answers if they were answered forthrightly:

1. Upon what authority does a department have to bypass the will of Congress?
2. Who promulgated the stock fund?

3. What philosophy was back of the stock fund? (Was it to pay a political debt to certain national organizations dealing in used property?)

4. Figures based on acquisition cost show that more dollar value of property has been donated but what percent of this property falls in the very low dollar value returns and what percent falls in the higher dollar value returns?

5. Does the armed services need men better educated and better trained technically as draftees and volunteers?

6. If so, is it not better to use property to train future draftees and volunteers so that they will be able to handle the present technical equipment more efficiently?

7. Does a department own the property or have custody of the property?

8. Does the property not belong to the United States which means the taxpayers?

9. Is it economically or morally sound to sell taxpayer's property below actual value when educational and health institutions could use such property and get 100 percent public benefit returns?

10. Whose responsibility is it to dispense the stock funds?

11. How are the stock funds used?

12. Does any or what portion of the stock fund revert to the Treasury?

Only a small percent of property generated by the DOD was ever donated because most of it was of such a nature that it could not be economically used by eligible donees. It is my opinion that were all of the property generated made available it would not materially affect the volume of property that would be left for sale by the DOD. It would lower the dollar returns in the higher brackets. This would be for the best interest of all citizens.

You will find attached herewith a letter which I am getting out to a select list of eligible institutions in South Carolina.

Please advise if I can furnish additional information or be of assistance in any way.

Very truly yours,

E. H. TALBERT.

STATE OF SOUTH CAROLINA,
SURPLUS PROPERTY PROCUREMENT,
Columbia, S. C., February 11, 1955.

To: Education and health institutions.

From: E. H. Talbert, director, surplus property procurement.

Subject: Donation program.

You will please find attachments that represent an attempt to brief you on the present status of the donation program.

1. Copy of introduction of H. R. 3322 by Congressman John W. McCormack, Democratic floor leader, taken from Congressional Record.

2. Copy of telegram from L. K. Barry, chairman, National Association of State Agencies for Surplus Property.

Quote from H. R. 3322 as follows: "is amended by inserting immediately after (2) the following: 'No property (including property capitalized in a working-capital fund) shall be sold under this or any other act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public-health purposes, including research.'"

The attachments above and the quotation are all self-explanatory and are being sent for your information. My desire is to give you the background information in case you wish to write Congressman McCormack and Senator John L. McClellan a letter of your own volition for the records of the hearing. Letters to McCormack and McClellan should be of such nature that they can be used in lieu of personal appearance.

Please be advised that it is not necessary to write to the Senators and Congressmen from South Carolina because every one of them are actively supporting the respective bills. Hon. Olin D. Johnston and Hon. J. Strom Thurmond are both cosponsors of S. 1004 which is an identical bill to H. R. 3322. Any number of Senators can cosponsor a bill but in the House there can be only one sponsor so identical bills would have to be introduced. Every Congressman from South Carolina was ready and willing to introduce identical bills but it was decided expedient for them to give active support to H. R. 3322 and this they are doing very ably. It would be all right if you wish to send them an information copy as a courtesy if you write Congressman McCormack and Senator McClellan.

No attempt will be made to outline a letter as it will be better for each of you that write to have your own personality inflected in your testimonial for the record. I am putting down a few suggestions which you may or may not incorporate as applies to your own institution. Feel free to express your sincere feelings in any way you wish. (1) Ways in which the program has helped your overall program to permit you to render a greater and more efficient service to your community, county or State. (2) Unusual uses, conversions or repairing which gave training in maintenance, operation, etc. (3) Equipment that gave training to the boys to render better technical service when inducted into or voluntarily join any branch of the armed services. (4) Education and health can utilize varied classes of property which has no further Federal usage (give examples). (5) We are getting less good property under the stock-fund program than formerly and at a time of our rapidly expanding health and educational programs throughout the country. (6) Federal property belongs to the taxpayers of the United States and not to the Departments that have custody of the property. (7) Read and reread Congressman McCormack's introduction of H. R. 3322. It really has meat in it.

This is really your program for the benefit of schools and hospitals. The surplus property procurement staff is paid by the State of South Carolina to administer the program for you and your institution. It is up to you to decide whether or not to lend your weight for its continuance.

Should there be additional information you desire, please advise. Will appreciate your sending me a copy of your communications.

Mr. McCORMACK. We have a letter from Msgr. Frederick G. Hochwalt, director of the Department of Education of the National Catholic Welfare Conference.

(The letter referred to is as follows:)

NATIONAL CATHOLIC WELFARE CONFERENCE,
DEPARTMENT OF EDUCATION,
Washington 5, D. C., February 17, 1955.

Hon. JOHN McCORMACK,
*Chairman of the Special Subcommittee,
House Committee on Government Appropriations,
Washington, D. C.*

DEAR MR. McCORMACK: The Department of Education of the National Catholic Welfare Conference wishes to express its interest in and support of H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

Schools served by our department have been participating in advantages of Public Law 152, the Federal Property and Administrative Services Act of 1949, which allocates surplus property for donation to tax-supported and/or tax-exempted school systems, colleges, and universities. It seems to us unfortunate that the creation of the stock funds or capital working funds within the bureaus and technical services of the Department of Defense has cut down the potential flow of surplus property under the donation program.

It is encouraging to note that H. R. 3322 would amend the Federal Property and Administrative Services Act of 1949 by providing that "no property (including property capitalized in a capital working fund) shall be sold under this or any other act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public-health purposes including research."

It is our earnest hope that this amendment will restore to the schools, hospitals, and public-health groups the priority originally given to them for surplus property under the 1949 act.

The Department of Education of the National Catholic Welfare Conference is sincerely grateful for this opportunity to express its point of view on this matter.

Very sincerely yours,

FREDERICK G. HOCHWALT,
Director, Department of Education.

Mr. McCORMACK. We have a telegram from the Honorable William C. Marland, Governor of West Virginia. I have already put in a letter from him.

(The telegram referred to is as follows:)

CHARLESTON, W. VA., February 16, 1955.

HON. JOHN W. McCORMACK,
Room 1301, New House Office Building,
Washington, D. C.:

Regarding your telegram February 10. Very much interested in passage of H. R. 3322. Wish to cooperate in every way possible. If you think it advisable, will be glad to have representatives attend hearing. This legislation is vital to the best interest of public health and education in West Virginia.

WILLIAM C. MARLAND, *Governor.*

Mr. McCORMACK. We have a letter from Mr. W. F. Libby, Acting Chairman of the Atomic Energy Commission.

(The letter referred to is as follows:)

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington, D. C., February 14, 1955.

HON. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representatives.

DEAR MR. DAWSON: This is in reply to your letter of February 4, 1955, requesting our views on H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949.

The objective of this bill, as we understand it, is to improve the administration of the program for utilization of surplus property for educational and public health purposes, including research.

We have no objection to enactment of H. R. 3322.

The Bureau of the Budget has advised us that it has no objection to our submitting these comments. This advice is not to be considered as indicating the relationship of the bill to the President's program.

Sincerely yours,

W. F. LIBBY, *Acting Chairman.*

Mr. McCORMACK. We have a letter from Mr. Edwin C. Barringer, executive vice president of the Institute of Scrap Iron & Steel, Inc.

(The letter referred to is as follows:)

INSTITUTE OF SCRAP IRON & STEEL, INC.,
Washington, D. C., February 14, 1955.

HON. JOHN W. McCORMACK,
Chairman, Special Subcommittee on Donable Property,
House Committee on Government Operations, Washington, D. C.

DEAR CONGRESSMAN McCORMACK: In connection with the public hearing to be held by your committee at 10 a. m. February 15, on H. R. 3322, it is respectfully requested that the attached memorandum regarding section 1 of this bill be read and made a part of the official hearing.

In offering this statement for inclusion in the record it is desired to emphasize that the Institute of Scrap Iron & Steel, Inc., is in agreement with the general principle of donating usable Government surplus property to tax-supported educational institutions and public-health activities, where actual needs exist.

Respectfully submitted,

EDWIN C. BARRINGER, *Executive Vice President.*

MEMORANDUM FOR SPECIAL SUBCOMMITTEE ON DONABLE PROPERTY, HOUSE
COMMITTEE ON GOVERNMENT OPERATIONS

From: Edwin C. Barringer, Executive Vice President, Institute of Scrap Iron & Steel, Inc.

Subject: Recommended revision of H. R. 3322.

1. PURPOSE OF H. R. 3322

Reference is made to H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949 (Public Law 152, 81st Cong.) so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

2. DONATION ACTION BENEFITS THE ECONOMY

The Institute of Scrap Iron & Steel, Inc., desires to emphasize that it is in agreement with the general principle of donating usable Government surplus property to tax-supported educational institutions and public-health activities, where actual needs exist. Such practice benefits our economy as a whole and tends to lessen the possibility of increasing the local, State, and Federal tax structures.

3. PRESENT AUTHORITY TO DONATE

It is our belief that Public Law 152, sections 202 and 203, now confer upon the General Services Administrator and the Secretary of the Department of Health, Education, and Welfare adequate authority to effectuate a successful donable program. Thus it is believed that additional legislation to accomplish such a program is not required. It is recognized, however, that the determination for legislation in this regard is a prerogative of the Congress.

4. LANGUAGE IN H. R. 3322

If the committee gives favorable consideration to enactment of the general principles contained in H. R. 3322, it is strongly recommended that certain language presently contained therein be revised. Particular reference is made with respect to the sentence in section 1 thereof beginning in line 6: "No property * * * shall be sold * * * as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes * * *."

5. DONABLE PROPERTY DETERMINATIONS

In order to carry out the intent of that part of section 1 referred to above, it would be necessary to make determinations that property was donable. Currently surplus property is being generated at over 500 Government agencies and military installations in continental United States alone. This determination activity might very well incur a substantial administrative task and thus retard or delay the evacuation of such property.

6. DEFINITION OF "PROPERTY"

Section 3 (d) of Public law 152 under the heading "Definitions" states "The term 'property' means any interest in property of any kind except (1) the public domain and lands reserved or dedicated for national forest or national park purposes; and (2) naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines."

7. SCRAP IS PROPERTY

In view of the foregoing, surplus property includes scrap, i. e., property which by competent authority has been determined to have no value except for its basic material content. For instance, when property which has been produced with iron and steel deteriorates through obsolescence, corrosion, and failure, to a degree where it has no value except for furnace-melting purposes in making new ferrous products, then it has become scrap iron and steel, a raw material.

8. INTEREST OF SCHOOLS IN SCRAP

It is believed that educational institutions have very little need, if any, for scrap. It cannot be utilized except for consumption in steel mills and foundries, and schools by and large are not engaged in such enterprises. It would appear, therefore, that it is unnecessary to incur delays in order to determine whether or not such property (scrap) is usable and necessary for educational purposes.

9. GOVERNMENT LARGE SCRAP PRODUCER

The quantity of scrap iron and steel annually produced in this country approximates a volume, moneywise, totaling more than \$1 billion. A substantial part of this quantity is generated by the Government through its executive agencies, particularly the military. Scrap thus produced is offered for public sale under a uniform system of competitive bidding. The successful bidder, generally a scrap dealer, picks up and transports the material to his yard where it is sorted.

cut to size, or compressed into bundles or bales for ultimate consumption in steel mills and foundries.

10. SMALL BUSINESS MAKES UP SCRAP INDUSTRY

There are probably 4,000 to 5,000 firms in this country which are engaged to some degree, in the business of buying, preparing, and selling scrap iron and steel. Practically all of these firms can be classified as small businesses. Furthermore, most of them are actively engaged in bidding on offerings of Government scrap and in some instances, depend wholly upon this source for such material.

11. RECOMMENDATIONS FOR REVISION

It is vitally important to the defense effort that the flow of scrap continue unabated, without delay or interruption to commercial consumers. It is likewise important that the dislocation of small business operations be avoided if at all possible. It is strongly recommended therefore, that the quotation beginning "No property * * *" on page 1, line 6, of H. R. 332 and ending on line 2 of page 2, be revised to read as follows:

"No property (including property capitalized in a working-capital fund, *but excluding property determined to have value only as scrap*) shall be sold under this or any other act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research."

Mr. McCORMACK. There is a statement from Congressman Lee Metcalf.

(The statement referred to is as follows:)

STATEMENT OF HON. LEE METCALF, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MONTANA

The schools and health agencies of Montana have a stake in the bill before you—a bill to correct the result of faulty administration and a lack of coordination between responsible executive agencies.

Since establishment of the program of allocating useful and needed surplus Government property to education and health agencies, Montana has received material valued at a little over \$6 million. Under the program, in which 151 of our schools are participating, dozens of Montana school shops have received heavy equipment they could not have afforded.

For example, I have recently received these letters from Mr. E. J. Tuomi, superintendent, school district No. 45, Augusta, Mont., and Mr. M. F. Whalen, superintendent, division of physical plant, Montana State College, Bozeman, Mont.:

SCHOOL DISTRICT No. 45,
Augusta, Mont., February 4, 1955.

HON. LEE METCALF,
House of Representatives,
Washington, D. C.

DEAR SIR: I am taking this method of asking you to support any measures that will be in favor of schools and other State institutions to buy surplus property. This property has been purchased with tax money; therefore I am of the opinion that schools and State institutions supported by taxpayers should have the first opportunity to select and purchase donable property.

Our school just built a new shop which is equipped with approximately 80 percent surplus equipment and tools. If surplus equipment would not have been available, we would not have been able to equip our shop as we have for at least 3 years because of the cost of the equipment.

I know you understand the financial problems of the Montana schools and the big help surplus equipment has been to us.

Respectfully yours,

E. J. TUOMI, *Superintendent.*

MONTANA STATE COLLEGE,
Bozeman, February 7, 1955.

HON. LEE METCALF,
House of Representatives,
Washington, D. C.

DEAR SIR: I am writing to urge your support of House bill 3322 pertaining to the disposal of surplus Federal property to schools and colleges.

We, at Montana State College, have actively participated in the donable property program and have found it of tremendous benefit. We have obtained property that we could not otherwise have afforded for use both in instruction and maintenance.

However, the program has deteriorated badly this last year and has reached the point where very little material is available to the schools and colleges. It appears the material is going elsewhere.

I urge you again to do all within your power to secure passage of this bill.

Sincerely,

M. F. WHALEN,
Superintendent, Division of Physical Plant.

I believe this committee should approve this bill to reestablish the authority of Congress to allocate surplus property to schools and health agencies—the authority which Congress provided and which existed prior to the Department of Defense directive of February 1, 1954.

This surplus property belongs to the people, not to any Federal agency. Where useful and needed, this property should be used for the benefit of the people who bought and paid for it and whose schools and health agencies are in dire need of it.

In his education message to Congress, President Eisenhower said the crisis in education is in part a legacy of the years of war and defense mobilization. Yet by this directive, the Department of Defense is itself obstructing our efforts on behalf of our schools.

I have heard it said that the donable surplus property program is a school-subsidy program. I would rather subsidize the schools than subsidize the junk dealers to the detriment of the schools. This latter is what has been happening since the directive was issued. The surplus diverted by this directive has been, and is being, sold at auction—at a return of only 6 or 7 cents on the dollar. I doubt if the return from these auctions is much more than enough to pay for the cost of the auctions.

I am informed that under the donable surplus property program, the Secretary of Health, Education, and Welfare had been taking only about 6 percent of the material available as being useful and needed for education and health. This authority should be continued.

I have just received a summary of what this program has meant to Montana. I should like to conclude with this summary from Mr. W. J. Ernst of Helena, director of the donable property division of the Montana State Department of Public Instruction:

"This agency has received surplus property from the Government in the amount of \$6,056,353 from 1946 through December 31, 1954. It has consisted of machine tools, carpenter tools, maintenance equipment of all kinds.

"If this property is cut off as a result of the stock fund accounts, this agency will cease to exist, thus cutting off all property to schools and hospitals which have benefited by this program.

"The taxpayers are realizing both direct and indirect savings and benefits through secondary utilization of Federal surplus property.

"The program has enabled secondary and higher educational institutions to enlarge and expand their courses of study. Small schools which ordinarily would not have been in a financial position to offer specialized courses now have them as a part of their regular curricula as a result of this Federal program.

"Results are both better and more extensive training of individuals, a salutary effect for both our armed services and the civilian economy.

"The secondary use of Federal real property for educational purposes has been of great benefit to the taxpayers. Many thousands of veterans have been housed on university campuses through the use of the off-site transfer of buildings for use as dormitories, classrooms and recreational centers."

Mr. McCORMACK. There is a statement from Congressman Wayne N. Aspinall.

(The statement referred to is as follows:)

STATEMENT OF HON. WAYNE N. ASPINALL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF COLORADO

Mr. Chairman and members of the committee; I am personally pleased to appear before you at this time and endorse unhesitatingly and unequivocally, H. R. 3322, a bill introduced by my distinguished colleague, the majority leader, Mr. McCormack of Massachusetts.

I wish to take this opportunity to compliment the majority leader in sponsoring this measure. He has always been in the forefront of the never-ending struggle to protect the rights of all of our people against those who would attempt either by legislation or by Executive order to provide for a selected few that which belongs to all.

Mr. Chairman, educators from all parts of Colorado's Fourth Congressional District and from all over the State of Colorado have been highly indignant at the regulation issued by the Comptroller of the Department of Defense. This regulation issued last year has in effect abrogated the express intent of Congress with respect to the school and health surplus property program as contained in the Federal Property and Administrative Services Act of 1949.

Mr. Chairman, Public Law 152 passed in 1949 and Public Law 754 passed in 1950 have been extremely beneficial to Colorado institutions. The enactment of such legislation enabled eligible schools and tax-supported and nonprofit tax-exempt hospitals to obtain substantial aid from the surplus property program in the form of property and much needed equipment which they were able to acquire at little or at no cost to themselves.

Mr. McNeill's regulation of last year has resulted in selling to salvage dealers such surplus property rather than making it available for distribution to our schools and hospitals. In turn, these salvage dealers who obtained such surplus at a fraction of the original cost and realizing the need for this property frequently offered it for sale to the institutions at rates which showed the huge profits involved to the salvage dealer.

Mr. Chairman, I should like to remind the Comptroller of the Department of Defense that Government agencies do not own property but rather that they are the custodians of it for the people of the United States. In view of the growing crisis in education and health, it ill-behooves the Department of Defense to auction such property at a return amounting to 5 to 7 percent of the cost.

In conclusion, Mr. Chairman, I should like to reiterate my complete support of the provisions of H. R. 3322.

Mr. McCORMACK. We have a statement from Congressman James Roosevelt.

(The statement referred to is as follows:)

STATEMENT OF HON. JAMES ROOSEVELT, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CALIFORNIA

Mr. Chairman, I have received a number of communications favoring the passage of H. R. 3322, and I would like to be on record as strongly in favor of this proposed legislation. The educational and health needs are so acute in California that the stock fund property, in the form of donation, is urgently needed.

I would like to submit for the record a letter from Mr. Frank M. Wright, associate superintendent of public school administration for the State of California, as an example of the need and as evidence from an expert on the subject:

STATE OF CALIFORNIA,
DEPARTMENT OF EDUCATION,
Sacramento.

HON. JAMES ROOSEVELT,
The House of Representatives,
Washington, D. C.

DEAR MR. ROOSEVELT: Public Law 152, 81st Congress, section 203 (j) (1) provides for the donation of personal property which is surplus to the needs of the Federal Government and is useful and needed for educational and public health purposes.

Under this act, and prior laws dealing with the donation of property, California educational and public health institutions have received approximately \$95

million (Government acquisition cost) worth of personal property during the past 9½ years. During this period, educational facilities in California were expanding at an ever-accelerated rate, and this program has proved to be of inestimable value to them. However, on February 1, 1954, the Department of Defense issued Directive 7420.1 "Regulations Governing Stock Fund Operations." These regulations provide, in effect, that as stock funds are set up no excess property is eligible for donation but must be sold. These regulations have their authority under Public Law 216, 81st Congress, which was passed 40 days after the enactment of Public Law 152. During the past several months, many attempts have been made to have the Department of Defense amend its regulations so that stock fund property could be donated. These attempts have not been successful.

On January 31, 1955, Congressman John McCormack of Massachusetts introduced H. R. 3322. This bill amends the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program. It also provides that property classified as stock fund property shall be donable.

I am sure you are quite aware of the acute educational and health needs in California. The continuing growth of these programs and their need for property to conduct their operations are enormous. In view of this situation, I would appreciate it if you would support H. R. 3322. I am sure you will agree that great public benefit is derived by the people of the United States when all property which is useful and needed for educational and public health purposes is donated.

Sincerely yours,

FRANK M. WRIGHT,
Associate Superintendent of Public School Administration.

Mr. McCORMACK. We also have a statement from Congressman Jack Westland of Washington.

Without objection, it will be put into the record.
(The statement referred to is as follows:)

STATEMENT OF HON. JACK WESTLAND, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF WASHINGTON

Mr. Chairman, my name is Jack Westland. I represent the Second Congressional District of the State of Washington. I wish to make a statement in behalf of H. R. 3322.

The use of Federal surplus property for educational and health purposes is of great importance to the State of Washington. Representatives of numerous hospitals and schools have written and wired me informing me of the great value of the donable surplus program to their respective institutions. As one hospital put it, "We can recall some 2 years ago that without this assistance (of the donable surplus program) we were practically forced with our back against the wall to close the hospital, receiving no assistance from any source." I have seen, at a mental hospital in my district, where the use of these surplus products has made that institution 75 percent self-supporting thus saving the taxpayers thousands of dollars which would otherwise have been needed. Under the Federal Property Act of 1949 many school districts have been able to save thousands of dollars each year and this money saved has been used to supply other critical needs for their growing school population.

Especially in a State such as Washington which is experiencing a rapid population growth and where many school districts are at or near their taxing limit is the continuation of the donable surplus program essential. Many school districts have been able to obtain essential items only because they could receive property under the surplus program.

The school and hospital administrators of my State have been rightfully concerned over Defense Department Regulation 7920.1 and its effect on the acquisition of Federal surplus by their institutions. Considering the critical condition of our schools and the great need to promote public health, it seems completely unjustified to curb this program. Yet this is the effect of regulation 7920.1 which states that once inventories have been capitalized into a stock fund the goods are no longer donable but must be sold. While there is a serious question as to whether the Federal Government is actually making any return on goods so sold, there is no question that the effect of continued capitalization of Defense Department inventories into the stock fund will ultimately result in complete drying up of the source of most donable surplus.

I strongly urge that this committee give favorable consideration to H. R. 3322.

Mr. McCORMACK. Mr. Jonas?

Mr. JONAS. Pardon me for interrupting. I did not mean to interrupt. Had you finished?

Mr. McCORMACK. I had finished.

Mr. JONAS. Mr. Allison W. Honeycutt, deputy director of the North Carolina agency for surplus property utilization, presented to me this morning a copy of a joint resolution adopted on February 16, 1955, by the General Assembly of North Carolina, in regard to this bill, with the request that it be made part of the record, and I would like to ask permission to have it made a part of the record.

Mr. McCORMACK. Without objection, it is so ordered.

(The statement referred to is as follows:)

(The following joint resolution, No. 125, was unanimously passed at 1 this afternoon, February 16, 1955:)

A JOINT RESOLUTION MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO PASS H. R. 3322 AS AN AMENDMENT TO THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

Whereas there is now pending in the Congress of the United States a bill designated as H. R. 3322, introduced by Representative John W. McCormack of Massachusetts, amending the Federal Property and Administrative Services Act of 1949 (40 U. S. C., sec. 484); and

Whereas the purposes of said bill are: (a) The clarification of the intent of Congress as expressed in the act of 1949 to make the stock fund of surplus property available to health and educational institutions; (b) the clarification of Federal and State functions with respect to the surplus property program by authorizing all Federal agencies to enter into cooperative agreements with State agencies which will allow State agencies to participate more fully in the surplus property program of the Federal Government; (c) The authorization of purchasers of such surplus property to dispose of the same within 1 year; and

Whereas the passage of the proposed bill will greatly aid the schools and hospitals of North Carolina in obtaining at reasonable prices property that has been declared surplus by the Department of Defense and various other departments of the Federal Government, and will allow the sale of additional types of surplus property to various State agencies; Now, therefore, be it

Resolved by the senate, the house of representatives concurring:

SECTION 1. That the General Assembly of North Carolina hereby earnestly requests the Congress of the United States to immediately pass and enact into law H. R. 3322, and requests each member of the North Carolina delegation in Congress to vote for the passage of said bill.

SEC. 2. This resolution shall be in full force and effect from and after its adoption.

In the general assembly, read three times and ratified, this 17th day of February 1955.

L. E. BARNHARDT,
President of the Senate.

LARRY I. MOORE, Jr.,
Speaker of the House of Representatives.

Mr. JONAS. Mr. Honeycutt has also furnished me with a statement prepared by himself bearing upon the subject, which I would like to have incorporated.

Mr. McCORMACK. Without objection, it is so ordered.

(The statement referred to is as follows:)

STATEMENT OF ALLISON W. HONEYCUTT, DEPUTY DIRECTOR OF THE NORTH CAROLINA AGENCY FOR SURPLUS PROPERTY UTILIZATION

The Department of Health, Education, and Welfare's 1954 report of surplus property acquisitions and transfers to health and education from 1946 through June 30, 1954, ranks North Carolina as follows: Personal property, \$23,107,350, or the rank of seventh in the Nation. In real property, \$15,928,390, or the rank of

thirteenth, making total benefits to our State of \$39 million and ranking North Carolina as twelfth in the Nation.

This backward look is gratifying but the present and future prospect is bleak and discouraging unless favorable consideration is given to legislation introduced in Congress on Monday of this week, January 31, as H. R. 3322. It reads as follows: "A bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes."

This bill gets immediately to the heart of the problem in North Carolina and for all other States administering the Federal surplus property utilization program. Under the caption of "Growing Crisis in Education," Congressman McCormack, of Massachusetts, pointed up some of the salient features on which you will wish further informational background on the recent unsatisfactory administration of the Federal surplus property utilization program. The following quotes are from Congressman McCormack's speech introducing the bill, which was referred to the House Committee on Governmental Operations.

"As the situation worsens daily, I find that a great source of help is being denied to school and health institutions of the Nation as the result of faulty administration and the lack of coordination between responsible executive agencies.

"Most of the property has come from the military services which use so much of the tax base of the Nation and State that local needs cannot be met. War and other emergencies place great though necessary burdens on our citizens. I find, however, that a regulation issued by Comptroller McNeil, of the Department of Defense on February 1, 1954, has had the effect of abrogating the carefully considered and expressed intent of Congress with respect to the school and health surplus property program.

"The regulation causes much of otherwise donable property to be capitalized into stock-fund arrangements. Such property though surplus to needs of holding agencies cannot be donated under the regulation but must be sold. May I add that Government agencies do not own property—they are merely custodians for the people of the United States.

"Huge auction and bid sales have been and are being held throughout the land with the average gross return amounting to 6 and 7 percent of cost.

"Taxpayers who know of the growing crisis in education and health have complained by the hundreds to the Department of Health, Education, and Welfare, the Department of Defense, the Budget Bureau, and the White House. There has been no corrective action in a year though studies continue to be made day by day.

"In the meantime, I am today introducing a bill which I consider necessary to correct the donable surplus property program where a regulation issued by an executive department has set aside the will of Congress, which alone under the Constitution has the authority to make all needful rules and regulations concerning the Nation's property. Mr. Speaker, I urge that this bill be referred to the proper committee for speedy action."

The sales referred to above have been and are being conducted under the provisions of the Department of Defense Stock Fund Directive 7420.1, which as implied in portions of the speech quoted, have had the effect of abrogating "the carefully considered and expressed intent of Congress with respect to the school and health surplus property program."

Under the referenced Department of Defense directive, billions of dollars worth of the better types and condition of surplus previously available to health and education have been sold to speculators. Thus potential benefits are denied to the youth of our country. A sample of one of the worst blows to education and health units was a sale's disposal of typewriters to speculators at \$4.50 each, all 450 of which were sadly needed not only in classes but also in offices of schools, hospitals, and health departments.

Before the stock fund's inroads on our program, the North Carolina agency was able to set up scores of typing classes in schools never previously able to offer typing training to students. Daily requests must now almost without exception be denied schools or health units. As one State agency sadly commented: "The value of these typewriters to schools cannot be estimated in money since the schools do not have sufficient of either."

Similar situations have developed in the past few months in the agency's efforts to obtain pickups and larger trucks, jeeps, and automobiles needed by health and educational units in their daily operations. The same statement applies with equal force to cafeteria and kitchen equipment, hand and machine tools, furniture and other items most needed by health and education.

Remedying the present law to effect rescission of the so-called stock-fund directive and otherwise reassure eligible health and educational institutions that better types of property will again be available will tremendously encourage vocational education, especially in rural areas where funds for equipment are hard to obtain for construction of shops not to mention the equally important factor of suitable equipment for them. Participation in the property utilization program is statewide, over 90 percent of all counties having already picked up property from our warehouses since July 1 of last year.

Mr. McCORMACK. Congressman Prouty, of Vermont, has submitted a letter.

Without objection, it will be made a part of the record.
(The letter referred to is as follows:)

FEBRUARY 15, 1955.

HON. WILLIAM L. DAWSON,
Chairman, House Committee on Government Operations,
Washington, D. C.

DEAR COLLEAGUE: I wish to take this opportunity to express my enthusiastic support of H. R. 3322.

This legislation will be of great benefit to the State of Vermont insofar as schools and institutions are concerned. I feel certain that the donation of surplus property to schools and hospitals utilizes surplus property to a greater advantage to the taxpayer than the so-called funding program.

I respectfully request that you employ your best efforts to bring about favorable action by the committee on H. R. 3322.

Sincerely yours,

WINSTON L. PROUTY, *Member of Congress.*

Mr. McCORMACK. Is there anything else, Mr. Jonas?

Mr. JONAS. Nothing.

Mr. McCORMACK. Mr. Moss?

Mr. MOSS. Mr. Chairman, I have some letters including one from the superintendent of public instruction of the State of California, one from the head of the division of administration, State department of education, and a number from school districts and private education groups in my area who have written me.

I ask that those be included.

Mr. McCORMACK. Without objection, it is so ordered.

(The letters referred to are as follows:)

ARDEN-CARMICHAEL UNION ELEMENTARY SCHOOL DISTRICT,
Carmichael, Calif., February 10, 1955.

HON. JOHN E. MOSS,
Congress of the United States,
House of Representatives, Washington, D. C.

DEAR SIR: I am writing you in regard to H. R. 3322 regarding the method of disposing of surplus military properties. We are of the opinion that this bill, as presented in the House of Representatives, would improve the administration of the present program so that it can be more easily utilized for educational and public health purposes. We feel that it is important to our schools that legislation of this type be enacted into law. We solicit your support for this bill.

I understand that the companion bill is S. 1004.

Thanking you, I am,

Sincerely yours,

L. C. RUFF,
District Superintendent.

ARBUCKLE UNION SCHOOL DISTRICT,
ARBUCKLE, CALIF., February 11, 1955.

Representative Moss,
House of Representatives, Washington, D. C.

SIR: There is a serious need for the continuation of the surplus-property program as it affects the public schools of the United States. Would you please

consider giving favorable support to House bill H. R. 3322 and Senate bill S. 1004. Thanking you for your attention, we remain,

BOARD OF TRUSTEES,
ARBUCKLE UNION SCHOOL DISTRICT,
AL R. SYLVIA, *Secretary to the Board.*

MAXWELL UNION HIGH SCHOOL,
Maxwell, Calif., February 11, 1955.

JOHN R. MOSS,
*United States House of Representatives,
Washington, D. C.*

DEAR MR. MOSS: We received a letter from the State of California Department of Education concerning House bill 3322, and would like to take this opportunity to ask for your support of this legislation when it comes before the House. This law concerns the utilization of surplus property for education and public-health purposes.

Thanks sincerely,

JOHN W. COX, *Principal.*

ORLAND PUBLIC SCHOOLS,
Orland, Calif., February 11, 1955.

Mr. JOHN E. MOSS,
*Member of Congress,
House Building Office, Washington, D. C.*

DEAR CONGRESSMAN MOSS: It has been drawn to my attention that the Department of Defense has arbitrarily decided that they would sell stock fund surplus properties rather than donate it. As we have benefited tremendously from this program and have equipment in the local schools that we could not afford to buy otherwise, we are vitally interested in two bills.

These bills, H. R. 3322 and S. 1004, are to improve the administration of the program for the utilization of surplus property for educational and public health purposes. It also provides that surplus property classified as stock fund property, which is useful and needed, will be donated for educational and public health purposes.

We sincerely solicit your support of these measures.

Very truly yours,

CHAS K. PRICE,
District Superintendent.

PACIFIC ELEMENTARY SCHOOL DISTRICT,
Sacramento, Calif., February 11, 1955.

HON. JOHN E. MOSS,
*Congressman from California,
Washington 25, D. C.*

DEAR SIR: Your support of bill H. R. 3322 would be greatly appreciated. Surplus properties have been of inestimable value for educational and public health purposes in our public schools.

Thank you for your support.

Sincerely,

FERN BACON,
District Superintendent of Pacific School.

SACRAMENTO STATE COLLEGE,
Sacramento 19, Calif., February 11, 1955.

HON. JOHN E. MOSS,
*Member of Congress,
House Office Building, Washington 25, D. C.*

DEAR CONGRESSMAN MOSS: It has come to my attention that the Department of Defense has, contrary to Public Law 152, June 30, 1949, instituted a policy of selling certain properties declared surplus by the Government services. This policy must be reversed.

Public Law 152 is one of the best bits of legislation that has been passed by Congress for the benefit of educational institutions and other recipients. It has not only kept down the cost of instruction, but has contributed equipment that certain school districts could never have obtained otherwise, hence those students in that area were better prepared for higher learning.

With this information before you, I recommend your support of H. R. 3322 containing certain beneficial amendments to Public Law 152 mentioned above.

I wish to thank you for sending me a copy of the 1949 Yearbook of Agriculture that I requested.

Very truly yours,

ROBERT B. HEWITT.

BETHANY-PENIEL COLLEGE,
Bethany, Okla., February 12, 1955.

Re H. R. 3322; Senate bill 1004.

Congressman Moss,

Congressional Building, Washington, D. C.

DEAR CONGRESSMAN MOSS: Bethany-Peniel College is vitally interested in bill H. R. 3322, that has recently been introduced relative to selling Government surplus property. If this bill could be passed it would be a great help in a material way to all colleges of the Nation. We are very grateful for the opportunities we have had in the past of working with Government surplus property. It has assisted us in getting some equipment that would have been utterly impossible had it not been for the savings in Government surplus property. The opportunity of the Health, Education, and Welfare research agencies to screen before this material is available to the public would be of great assistance to us. Anything you can do to help would be greatly appreciated.

Respectfully yours,

ROY H. CANTRELL,
President of the College.

EASTERN NEW MEXICO UNIVERSITY,
Portales, N. Mex., February 12, 1955.

Hon. JOHN E. MOSS, Jr.,

Committee on Government Operations,

United States House of Representatives,

Washington, D. C.

DEAR CONGRESSMAN MOSS: I should like to urge the passage of H. R. 3322, which I understand is in your committee.

This bill pertains to surplus property for educational institutions. I am sure all of the educational institutions—public schools, colleges, and universities—have profited in a similar manner to this one with the surplus property act. We have received an enormous amount of surplus property at very little cost and some at no cost to the institution. Had it not been for surplus property, we would have been in much poorer circumstances than at the present time.

I just wanted you to know that the institutions are profiting in an educational way with this act, and we would certainly like to urge the passage of this bill.

With kindest personal regards, I remain

Sincerely yours,

FLOYD D. GOLDEN, *President.*

STATE OF CALIFORNIA,
DEPARTMENT OF EDUCATION,
Sacramento, February 14, 1955.

Hon. JOHN E. MOSS, Jr.,

House of Representatives,

Washington 25, D. C.

DEAR MR. MOSS: Public Law 152, 81st Congress, section 203 (j) (1) provides for the donation of personal property which is surplus to the needs of the Federal Government and is useful and needed for educational and public health purposes.

Under this act, and prior laws dealing with the donation of property, California educational and public health institutions have received approximately

\$95 million (Government acquisition cost) worth of personal property during the past 9½ years. During this period, educational facilities in California were expanding at an ever-accelerated rate, and this program has proved to be of inestimable value to them. However, on February 1, 1954, the Department of Defense issued Directive 7420.1 Regulations Governing Stock Fund Operations. These regulations provide, in effect, that as stock funds are set up no excess property is eligible for donation but must be sold. These regulations have their authority under Public Law 216, 81st Congress, which was passed 40 days after the enactment of Public Law 152. During the past several months, many attempts have been made to have the Department of Defense amend its regulations so that stock fund property could be donated. These attempts have not been successful.

On January 31, 1955, Congressman John McCormack of Massachusetts introduced H. R. 3322. This bill amends the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program. It also provides that property classified as stock fund property shall be donable.

I am sure you are quite aware of the acute educational and health needs in California. The continuing growth of these programs and their need for property to conduct their operations are enormous. In view of this situation, I would appreciate it if you would support H. R. 3322. I am sure you will agree that great public benefit is derived by the people of the United States when all property which is useful and needed for educational and public health purposes is donated.

Sincerely yours,

FRANK M. WRIGHT,
Associate Superintendent of Public School Administration.

Mr. McCORMACK. Congressman Teague, of California.

We will be very happy to hear from you now.

Mr. TEAGUE. Thank you, sir.

STATEMENT OF HON. CHARLES M. TEAGUE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. TEAGUE. Mr. Chairman, I am Charles Teague, Representative from the 13th Congressional District of California. I want to appear very briefly and urge support of H. R. 3322.

I have received many communications from school and hospital people in my district in California, stressing the importance of this bill and the principle it embodies to them.

It happens that in my district I have seven major military installations. As a result, we have, naturally, an increased problem from a school and hospital standpoint. I know many of the superintendents of both the schools and hospitals personally. They assure me that this will be very important and very helpful to them. I have confidence in their judgment.

I believe, as I understand the situation, the proceeds which would go to the Government on the sale would be nominal, and that the public interest would be much better served and well served by the enactment of H. R. 3322. I fully support it.

I thank you, Mr. Chairman.

Mr. McCORMACK. Thank you very much, Congressman.

Mr. J. B. Blackford. Is he here?

We will hear you, Mr. Blackford.

Will you give your full name and address, Mr. Blackford?

Mr. BLACKFORD. James B. Blackford, Richmond, Va.

Mr. McCORMACK. Are you representing any organization?

Mr. BLACKFORD. No, sir. I am a very small surplus-property dealer. I am what you call a pinhooker.

Mr. McCORMACK. Call a what?

Mr. BLACKFORD. A pinhooker, which is an expression used on the tobacco market for a person who just buys little odd lots and things.

**STATEMENT OF J. B. BLACKFORD, SURPLUS PROPERTY DEALER,
RICHMOND, VA.**

Mr. BLACKFORD. I should like to give my experience in alerting the State of Virginia into the possibility of saving large amounts of money in the purchase of surplus property, and my own experience in how the Department of Defense is allowing the surplus-property dealers or Surplus Property Institute to, I consider, brainwash the administrators of surplus property at these regional meetings that are now being held.

There was a meeting in November in Norfolk in which the only outsiders allowed to talk were the Surplus Property Institute and the Auctioneers Association, and there was one just completed in Jacksonville, Fla., in which the only other outsiders were these same people.

I understand the Surplus Property Institute told the assembled property people that the small dealers should be left out, that only the big dealers were capable of handling surplus property, and that for that reason it would be best to let the stuff out in large quantities.

I should like to tie that in with how this has affected in the past the State of Virginia. For instance, in Virginia they have just completed, or are just building, a cafeteria and hospital at the Eastern State Mental Hospital at Williamsburg, Va. They let bids out for the kitchen equipment. I think that the lowest bid was something like \$196,000.

Well, only a few weeks ago, at the Belvoir Quartermaster Depot in Richmond, they sold large quantities of kitchen equipment. This is a beautiful oil-burning range, a beautiful commercial type refrigerator. The oil-burning range went for—it cost \$389 and went for \$56. The kitchen equipment cost \$465; the refrigerator went for \$353. And the trouble is that the way the law is now written, the State of Virginia can't put in a deposit because they are not allowed to, and they can't buy this stuff at a fraction of its cost.

If you changed the law on donations, it would be fine, or if you changed the law so that they could bid, it would be fine. But there should be a different manner of valuing the material.

Mr. McCORMACK. What do you mean? The way it is now operating?

Mr. BLACKFORD. Yes, sir, the way it is now operating.

I would also like to bring up the fact that I complained to Congressman Gary of this so-called brainwashing. He wrote a letter to the Department of Defense. We have a reply here from Admiral Parks.

Mr. McCORMACK. Are you a constituent of Congressman Gary?

Mr. BLACKFORD. Yes, sir.

Mr. McCORMACK. He is one of the ablest Members and finest Members of the Congress.

Mr. BLACKFORD. He pointed this question out, and Admiral Parks answered and said—well, I have the letter here. Perhaps I could read it:

The conference at the United States Naval Supply Center, Norfolk, Va., was a Government conference and no outside interests actually participated in the conference. Representatives of the Surplus Dealers Institute and a representative of the Auctioneers Association were, however, invited as guest speakers. The guest speakers gave Government conferees technical information on problems faced by the buyers of surplus property and by the auctioneers who cry auction sales. The speakers did not participate in the conference after completion of their speeches. The enclosed copy of the agenda is forwarded to illustrate the subjects upon which the speakers gave short talks.

This conference was the first of a series to be held in various regions of the United States. Invitations to these conferences are sent to Government agencies in the region. Similarly, invitations are extended to associations or institutes who have chapters or members in the vicinity to be guest speakers. Every effort is made to have these associations or institutes arrange for the speakers, since these organizations are comprised largely of individuals or small individuals or small businesses. Further, such procedure prevents criticism of any preference being made as to the selection of the speakers.

Now, actually this happened in Norfolk. A few weeks ago, they had a hearing in Jacksonville.

Mr. McCORMACK. Would you like to make this a part of the record?

Mr. BLACKFORD. Yes.

Mr. McCORMACK. All right.

(The letter referred to is as follows:)

DEPARTMENT OF THE NAVY,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington 25, D. C., January 10, 1955.

HON. J. VAUGHAN GARY,
House of Representatives, Washington, D. C.

MY DEAR MR. GARY: Your letter of December 21, 1954, addressed to the Secretary of Defense concerning the regional conference on the subject of disposal of surplus material, has been referred to the Bureau of Supplies and Accounts, Department of the Navy, for reply.

The conference at the United States Naval Supply Center, Norfolk, Va., was a Government conference and no outside interests actually participated in the conference. Representatives of the Surplus Dealers Institute and a representative of the Auctioneers Association were, however, invited as guest speakers. The guest speakers gave Government conferees technical information on problems faced by the buyers of surplus property and by the auctioneers who cry auction sales. These speakers did not participate in the conference after completion of their speeches. The enclosed copy of the agenda is forwarded to illustrate the subjects upon which the speakers gave short talks.

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Your interest in the Government surplus material disposal program is appreciated. If I can be of further service to you in this matter, please do not hesitate to call upon me.

Sincerely yours,

R. J. ARNOLD,
Rear Admiral, SC, USN, Chief of Bureau.
JOEL D. PARKS,
Rear Admiral, (SC), USN, Acting Chief of Bureau.

TENTATIVE AGENDA

PROGRAM 1ST DAY

- 0830-0845 Welcome address: Host activity.
 0845-0900 Introduction: Master of ceremonies.
 0900-0920 DOD "Operation Cleansweep": DOD representative.
 0920-0930 Questions and answers.
 0930-0950 DOD screening and merchandise plans: DOD representative.
 0950-1000 Questions and answers.
 10-minute break.
 1010-1030 DOD screening: Material Redistribution Division.
 1030-1040 Questions and answers.
 1040-1100 DOD redistribution: Material Redistribution Division.
 1100-1110 Questions and answers.
 1110-1130 Public Law 152 and sales contracts: Department of Navy General Counsel.
 1130-1140 Questions and answers.
 Luncheon.
 1330-1350 GSA role in screening, redistribution and disposal: GSA representative.
 1350-1400 Questions and answers.
 1400-1420 Functions of FSS regional offices: FSS representative.
 1420-1430 Questions and answers.
 10-minute break.
 1440-1500 Role of HEW: DHEW representative.
 1500-1510 Questions and answers.
 1510-1530 Role of field HEW representative: DHEW field representative.
 1530-1540 Questions and answers.
 10-minute break.
 1550-1610 Impact material on industries: Department of Commerce representative.
 1610-1630 Questions and answers.
 End of first day.

PROGRAM SECOND DAY

- 0830-0850 Role of surplus dealer: Surplus Dealers Association.
 0850-0900 Questions and answers.
 0900-0920 Present methods versus WAA: Surplus Dealers Association.
 0920-0930 Questions and answers.
 0930-0950 Disposition made of merchandise: Surplus Dealers Association.
 0950-1000 Questions and answers.
 10 minute break.
 1010-1030 Needs of surplus buyers: Surplus Dealers Association.
 1030-1040 Questions and answers.
 1040-1100 Suggested Improvements in Government sales: Surplus Dealers Association.
 1100-1110 Questions and answers.
 1110-1130 Future outlook of surplus dealers: Surplus Dealers Association.
 1130-1140 Questions and answers.
 Luncheon.
 1330-1350 History of auctions: Auctioneers Association.
 1350-1400 Questions and answers.
 1400-1420 Auction procedures: Auctioneers Association.
 1420-1430 Questions and answers.
 10 minute break.
 1440-1500 Merchandising and advertising: Auctioneers Association.
 1500-1510 Questions and answers.
 1510-1530 Critique of DOD auction sales: Auctioneers Association.
 1530-1540 Questions and answers.
 10 minute break.
 1550-1610 Auctions versus sealed bid sales: Auctioneers Association.
 1610-1630 Questions and answers.
 End of second day.

PROGRAM THIRD DAY

0830-1200 Round table discussion of Army, Navy, and Air Force problems: Army, Navy, Air Force and Material Redistribution Division Representatives.

Luncheon.

1330-1630 Discussions with respective services: Each service.

Mr. BLACKFORD. In Jacksonville it was practically these same people, as far as I know, were the only outsiders invited. I consider it just brain-washing.

Mr. McCORMACK. What do you mean by "brain-washing"?

Mr. BLACKFORD. I mean, they are indoctrinating these people, that only us big dealers are the only people who can handle the surplus property disposal, and just do things our way of doing it, and don't listen to anyone else. I could tell them plenty of things wrong from the small dealers' standpoint. I also could tell them plenty of things wrong from the standpoint of helping the schools and colleges.

I feel like the Surplus Property Dealers Institute——

Mr. McCORMACK. What is this institute?

Mr. BLACKFORD. They seem to represent this clique of surplus property dealers. They are having a big conference with a big banquet at the Plaza Hotel this weekend in New York City. I don't know who they are, but they seem to have an ingrained ability for trading, and they seem to be getting this material for nothing because of the way it is being turned loose in large quantities.

I feel like they, the States, the institutions, and the small-business men are all being injured. I think that the Patman Monopoly Committee should investigate this group and see if they are not making a joke of the way the property is being turned loose now.

I feel like——

Mr. Moss. Mr. Chairman, I wonder if I might ask a question at that point.

Has there been a tendency recently to make these offerings in larger lots?

Mr. BLACKFORD. No, sir. I will be frank. It just seems to me there are large lots that have been continuously let loose.

Mr. Moss. Has that been a changed policy, the offering of large lots?

Mr. BLACKFORD. They tried to put pressure on them to get lower lots, but, well—how can I express it? For instance, first, the only people who can buy these stoves will be the large institutions—will be States and governments, and the way the affair is held, there is no way the States can change the architects' specifications to make the stoves fit. I am trying to remember whether these stoves were let loose as one lot or not, but I rather feel like the very fact that the Surplus Property Institute came to these regional meetings and advised that surplus property be let loose the material in large lots is proof of my contention that they are trying to influence the Defense Department into handling it this way. I don't say——

Mr. Moss. I was trying to establish the relationship between what they have said and the resultant policy that has been developed.

Mr. BLACKFORD. I am not familiar with the whole operation of the program enough to know.

Mr. MOSS. I would agree on that. But I am wondering if the policy which has developed has indicated that they have been at all persuasive in their dealings.

Mr. BLACKFORD. I wish I could tell, but I am unable to do it. I also would like to say that I think my own State is terribly derelict. They have a terrific amount of surplus property—

Mr. McCORMACK. Well, we do not want to go too far into that now. We are considering H. R. 3322, and the purpose of it is to consider the legislation that will assure the carrying out of the intent of Congress and expressed in the act of 1949 and also another enactment in 1950, and if we get too far afield into other subjects, it is liable to extend where people will come in and want to be heard, and that is another day, which will probably be inquired into, the question of the amount received, whether the Government got a proper return, and all of the factors enter into that. I cannot say it will be, but there is a reasonable probability that it will be looked into. But that is a matter for another subcommittee to do other than this one here.

Mr. BLACKFORD. I would like to say that I think that the mental hospital situation in Virginia is terrifically overcrowded. I think that—

Mr. McCORMACK. Well, that is a matter, now, for the State of Virginia. We are not prying into that.

Mr. BLACKFORD. I think this law will be a great help.

Mr. McCORMACK. In other words, your opinion is that the donors' program has been of inestimable value to the States and subdivisions and to the colleges and the health institutions of the country? I mean, it has been until recently, within the past year or so?

Mr. BLACKFORD. I assume—I am sorry. A year and a half ago I was in the Korean war. I don't know what happened. But I think now that the State is missing out on a terrific amount of material that could be used. And I think that some of the things that are happening in the way it is being administered now are very bad.

Mr. McCORMACK. Any questions, Mr. Jonas?

Mr. JONAS. Yes, sir. I want to ask him some questions about this. Were you at this sale?

Mr. BLACKFORD. No, sir. I got out after the sale bid was open. Actually, this was opened last Wednesday. This is the second bunch of stoves and refrigerators and ovens that were turned loose. The ones I referred to were turned loose about 6 weeks ago. Practically the same stoves and ovens and cooking utensils, all of them were brandnew. But I am sorry, I wasn't there for that one.

Mr. JONAS. You did not see the lot of equipment?

Mr. BLACKFORD. Oh, yes; I have been down and seen it.

Mr. JONAS. With respect to the refrigerators, the list shows that they were used refrigerators.

Mr. BLACKFORD. Well, I must have made a mistake in regard to the refrigerators. I should have referred only to the stoves as unused.

Mr. JONAS. Were the 294 ranges sold in bulk?

Mr. BLACKFORD. I think in that case they allowed individual bids, to open that up further.

Mr. JONAS. Is it your point that the amount received was not a fair price for the merchandise sold?

Mr. BLACKFORD. Well, I say, yes, sir; it was not a fair price. Whether it could be changed under existing circumstances, I don't

know. But I feel that if the State had a certain leeway in its purchasing policy, it would be willing to pay \$200 or \$300 for these stoves, but because they have to put deposits down and put a sealed bid in, they are not allowed, under the existing State laws, just to go in there and buy them. These dealers who can have a certain balance in their manipulations bid very low and get them. The last bunch of stoves went to Habana, Cuba, I was told, and the man made a terrific profit, the one who bought them for \$31.

Mr. McCORMACK. Who bought them; do you know?

Mr. BLACKFORD. Morgan Supply Co., of Tampa, Fla. And I think in that case they all went out as one lot. I don't think they had a breakdown. I think they had to take all or none.

Mr. McCORMACK. Are you a member of the institute?

Mr. BLACKFORD. Oh, no, sir. I am just a very small potato. I have a capital of \$1,500—

Mr. McCORMACK. Now, there is nobody small before this committee, Mr. Blackford. I want you to understand that. There is nobody small. Everyone is an American citizen and entitled to all of the dignity and respect of American citizens. You may say "small" in relation to others, but in this committee no one is small.

Mr. BLACKFORD. Thank you, sir.

Mr. McCORMACK. You may proceed.

Mr. JONAS. Is the institute composed, then, only of wholesale dealers?

Mr. BLACKFORD. Well, I am sorry, sir, I do not know. The only thing I know about the committee is that in some way they have appeared at these regional meetings. I don't know who belongs to them. I tried to get the names of the members. This is the "welcome." This is the seminar that was given in Norfolk, but it doesn't give the names of the four men from that institute. Back here it shows the whole second day. One-third of the agenda was devoted to people from the Surplus Property Institute.

I am sorry. Somewhere in there that is mentioned. That is on the back of Congressman Vaughn Gary's letter, that agenda.

Mr. JONAS. But you do not know what the requirements are for membership?

Mr. BLACKFORD. No, sir, I did not.

Mr. JONAS. Is it a sort of trade association?

Mr. BLACKFORD. I suppose it is. I wouldn't be surprised if they don't have some lawyers for them right here in this hearing. I don't know. I am sure it affects their dealings, the fact that this law is under consideration.

Mr. JONAS. I was a bit concerned over your brainwashing comment, as the Chairman was. I have heard that term used in connection with activities in the Far East recently, and we do not want to begin the practice of brainwashing in this country.

Mr. BLACKFORD. Well, probably I am exaggerating a little. But it makes me mad. I could tell them 50 things that are wrong with the way the property is being turned loose, but I have never had a chance to go down there and tell them what I think is wrong.

Mr. JONAS. You say you have not had a chance. You mean you have not been invited to do so? Have you made any effort to discuss it with anyone involved?

Mr. BLACKFORD. Well, I told Mr. Lawrence of Health, Welfare and Education, I certainly was disgusted with what I heard had happened in Norfolk, and I told Congressinan Gary that I was very disgusted with what had happened in Norfolk. I don't think that I went to any particular department, because there are so darned many people mixed up in surplus property, you don't know where to go. You have GSA, Defense, and Health, Welfare and Education. But the people who are on the "in" know how to go and get their story before the administrators, but the people who feel mad about it don't know how to do it.

Mr. JONAS. Would it be proper for this committee to receive any recommendations he wishes to make? If he has some ideas that will help correct this situation, I think that the committee would be glad to cooperate in seeing that the proper authorities have the advantage of his suggestions.

Mr. McCORMACK. There is no question about that. I have indicated that the probabilities are that some other subcommittee will pursue that aspect of it. We are appointed for a specific purpose, and while we cannot adhere strictly to here, we do not want to depart too far from it. That is the only thought I had in mind.

Now, we would be very glad to receive a communication, if you want to send me a communication setting forth your criticisms of the disposal of surplus property, to date by the Defense Department and your suggestions. We would be glad to see that they are called to the attention of the proper subcommittee.

Mr. BLACKFORD. Congressman, I probably am making an indirect push for your bili. I say that the way the property is going now it is going for a fraction of its cost, and that is not the way it should go. I say it will do untold good, on donable properties, whereas the way it is going now, they are getting practically nothing for it.

Mr. McCORMACK. You mean "undue harm" the way it is being disposed of now?

Mr. BLACKFORD. Yes, sir.

Mr. McCORMACK. Are there any questions, Mr. Moss?

Mr. Moss. No; no further questions, Mr. Chairman.

Mr. McCORMACK. Now, let me see what this is.

Mr. BLACKFORD. That is the Norfolk meeting, the same meeting that has been held in Jacksonville, Fla., the last 3 or 4 days. Congressman Vaughn Gary has a lot of stuff.

Mr. McCORMACK. Will you leave this with the committee?

Mr. BLACKFORD. Yes, sir.

Mr. McCORMACK. And will you leave the other one?

Mr. BLACKFORD. Yes, sir. I've got this written out as a right fiery statement. I hope you don't mind.

Mr. McCORMACK. You have this, what?

Mr. BLACKFORD. I have what I had to say written out as a right fiery statement. I hope you don't mind.

Mr. McCORMACK. What kind of statement?

Mr. BLACKFORD. Fiery statement.

Mr. McCORMACK. Are there further questions?

(No response.)

Mr. McCORMACK. Mr. Jonas?

Mr. JONAS. No, sir.

Mr. McCORMACK. Mr. Moss?

Mr. Moss. No, sir.

Mr. McCORMACK. Is there anything further that you want to say, Mr. Blackford?

Mr. BLACKFORD. No, thank you. I say I have enjoyed the chance of talking before the committee.¹

Mr. McCORMACK. We have been very glad to have you.

Mr. BLACKFORD. Thank you.

Mr. McCORMACK. Are there any other persons who want to testify?

Mr. HEALY. Mr. Chairman, I have a statement here in behalf of the American Municipal Association.

Mr. McCORMACK. Will you give your full name for the record, and what organization you are associated with.

This is Mr. Healy, is it not?

Mr. HEALY. Yes, sir.

Mr. McCORMACK. Do you want to read your statement? I have already put it in the record.²

Mr. HEALY. Perhaps that is sufficient.

Mr. McCORMACK. You can use your own discretion.

STATEMENT OF PATRICK HEALY, JR., EXECUTIVE DIRECTOR, THE AMERICAN MUNICIPAL ASSOCIATION

Mr. HEALY. The main point that we want to make is that while we favor the principle of H. R. 3322, we do not think it goes far enough and we feel that any public agency should be eligible to receive this donable surplus property.

Mr. McCORMACK. Any way?

Mr. HEALY. Any agency—any Government agency—and I am speaking particularly, of course, of city governments and the civil-defense agency. This is all contained in the statement that you have.

Mr. McCORMACK. Your organization is a national one, is it not?

Mr. HEALY. Yes, sir. We are the National Association of Municipalities, representing 12,000 cities and towns in 44 States.

Mr. McCORMACK. You favor the continuance of the donable program in an effective way?

Mr. HEALY. Yes, sir.

Mr. McCORMACK. So that while you believe the bill should go further, your organization or your association is in support of the bill before the subcommittee?

Mr. HEALY. Yes, sir.

Mr. McCORMACK. Are there any questions, Mr. Jonas or Mr. Moss?

Mr. Moss. No; not at the moment, Mr. Chairman.

Mr. JONAS. May I ask Mr. Healy one question?

Membership in the association is not restricted to certain classes of cities, is it?

Mr. HEALY. No, sir; it is not.

Mr. JONAS. From the size of New York down to any incorporated city?

Mr. HEALY. Any incorporated municipality. We have very small towns in North Carolina up to New York City.

¹ See pp. 329 and 330 for letter from Mr. Blackford, clarifying part of his testimony.

² See pp. 107-109.

Mr. JONAS. Up to the largest city?

Mr. HEALY. Yes, sir.

Mr. McCORMACK. Mr. Moss?

Mr. Moss. I believe that the League of California Cities is a member of your association, is it not?

Mr. HEALY. Yes, sir.

Mr. Moss. And you feel that the donable surplus program should be extended in order to compensate somewhat local government for its loss of tax base over the years and to help alleviate the tremendous pressures that now exist in local governments to meet almost impossible problems that are facing them?

Mr. HEALY. That is exactly right, Mr. Moss. That point is brought out in our paper here, which includes also a table at the end of it showing the percent distribution of Federal, State, and local tax collections over a period from 1929 to 1951, under which the local share of the tax dollar went down from 45 percent in 1929 to 13 percent in 1951.

Mr. Moss. Any help received here through the donable surplus program would almost immediately reflect in the local taxes paid by the people in the cities and municipalities?

Mr. HEALY. That is right; yes, sir.

Mr. Moss. That is all.

Mr. HEALY. And it is the same taxpayers who are paying the Federal taxes.

Mr. Moss. And it is a group of taxpayers who in recent years have been faced with a very rapidly climbing tax rate?

Mr. HEALY. Yes, sir.

Mr. Moss. That is all the questions I had, Mr. Chairman.

Mr. McCORMACK. Now, are there any further observations, Mr. Healy? We are not curtailing you, you understand.

Mr. HEALY. The statement that you have introduced in the record presents our entire position on the matter.

Mr. McCORMACK. Thank you, Mr. Healy.

Mr. HEALY. Thank you, sir.

Mr. McCORMACK. Are there any other witnesses?

Mr. McNeil, we would be very glad to hear from you.

Hon. W. J. McNeil, the Assistant Secretary of Defense (Comptroller) of the Defense Department.

Mr. McNeil, you may proceed.

STATEMENT OF W. J. McNEIL, ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER); ACCOMPANIED BY M. H. LANMAN, JR., ASSISTANT GENERAL COUNSEL, DEPARTMENT OF DEFENSE; J. CURTIS JENKINS, BUDGET ANALYST, DEPARTMENT OF DEFENSE; AND MELVIN K. ZUCKER, ASSISTANT DIRECTOR, ACCOUNTING POLICY, DEPARTMENT OF DEFENSE

Mr. McNEIL. Mr. Chairman and members of the committee, we appreciate the opportunity to appear before you today to discuss this proposed legislation.

In presenting the position of the Department of Defense, I should like to cover three main points.

(1) The Department of Defense does not oppose in any way a

program to make available to educational and health institutions Federal property which is surplus to the needs of the Federal Government and which can be effectively utilized by these institutions.

(2) The problem of supply management and discipline within the Department of Defense and its responsibilities to the Congress and to the taxpayers for businesslike operations of all the functions of the Department and in particular supply management.

(3) To propose within the framework of these desired objectives—of maintaining a donable program and at the same time operating the vast enterprises of the Department of Defense on a businesslike basis—a possible solution.

The Department of Defense has never taken the position that properties surplus to the needs of the Defense Department which have any useful life should not be disposed of in a manner consistent with the expressed intent of the Congress. Rather, the department has attempted to achieve that result although there have been legal questions as to the application of conflicting legislation which appears to require statutory clarification.

The attitude of the Department of Defense is perhaps best stated by the following quotations, one of them going back to the time of George Washington, and one of them from a talk given by Secretary Wilson in Detroit in 1952. I am interpolating these quotations as I thought they probably outlined our position on education as well as anything we could think of.

Washington said on the subject of education in his farewell address, September 19, 1796:

Promote then, as an object of primary importance, institutions for the general diffusion of knowledge. In proportion, as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened.

Secretary Wilson in a talk before he became Secretary of Defense outlined his thoughts on the general subject of education, and the thoughts he expressed then, represent, best the thoughts that we have today in our approach to the problem of education and the support of education. In a talk he made in 1952, Mr. Wilson said:

Americans have accepted wholeheartedly, even if somewhat blindly, the old truism that universal education is essential to the life of American democracy. From the time of Jefferson down, this thought has become deeply imbedded in the mind of the whole Nation; and our representative government in its several branches—town, county, State, and Nation—has wisely appropriated generous amounts for schools and colleges. The principle was formally recognized as early as 1787 when Congress incorporated the following provision in the Northwest Ordinance: "Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools, and the means of education shall forever be encouraged."

On the other hand, the Defense Department as custodian of the largest amount by far of Federal property has both the responsibility and the duty to operate on sound business principles and to maintain the application of such principles to supply management and discipline. Congress in enacting the National Security Act Amendments of 1949 provided the framework within which these objectives were to be accomplished and in that legislation, and by subsequent enactments, studies, and reports have made it clear that we are under a mandate to produce these results. As you know, title IV of the National Security Act Amendments of 1949 is the legislation under

which we are to get this job done. This part of the National Security Act Amendments of 1949 was unanimously supported by the two Armed Services Committees when reported by them to the floor of both Houses and was passed by the Senate without objection and overwhelmingly by the House with no recorded dissent.

The major tool for effecting businesslike supply management through financial inventory control envisioned by this legislation was the creation of working capital funds which are of two classes: the industrial funds to finance shipyards, arsenals, repair shops, and other enterprises comparable to private industry; and the stock fund which formed the basis for institution of businesslike principles in major fields of supply management and inventory controls.

The principles of stock-fund operations might be best illustrated through an example: a business-type enterprise—the naval stock fund—“owns” the fuel oil of the Navy. This enterprise is operated by the Navy, of course, but no oil is issued or consumed unless there is a charge to the current appropriation and the current allotment of the commander of the ship or the shore station. Therefore, the stock fund either has the oil or the funds which it received from the appropriation—one or the other. Thus, the integrity of the working inventory and mobilization reserve are maintained. Because there is no free issues under this type of operation, the consumption of resources or the use of the material is controlled by action of the Congress in making appropriations. Only when an allotment to a station commander from an appropriation for the purpose is available to receive the charges can the material be withdrawn, or taken off the shelf.

This principle is being applied to consumption-type by capitalizing the inventory on hand together with providing enough working capital to handle the turnover.

Aside from the obvious advantages resulting from improved management of the large inventories—and the examples of these improvements are numerous the principle has introduced a discipline in terms of the attitude of the user of the property which has not heretofore been present; in other words, that the commander of the post, camp, or station can only procure from the stock fund when he has funds which have been made available by the Congress through the appropriation process to, what we call “pay” for what he uses. The practice of making charges rather than the old practice of “free issue”—for material taken off the shelf is, in the opinion of many who have given serious thought to the problem, the most effective means of achieving supply control and efficiency and economy in the use of resources in day-to-day operations. The statute—section 405 of the National Security Act—is mandatory in this regard. It provides that the stock fund shall be reimbursed for the supplies, stores, and materials when issued. This section of the law goes further, however, in its encouragement of good supply practice and it provides that when the ship or station commander has supplies on hand which are not required for use, he can return them to the stock fund for credit to his operating account or to his operating allotment.

We have been moving ahead on the implementation of these principles and on the enormous amount of additional educational effort which must accompany the widespread adoption of business practices in our establishment. Although the widespread use of this principle is comparatively new, the Department of Defense has already offered

for recission or transfer hundreds of millions of dollars through improved management of stock-fund inventories. In the appropriation request this year, from one service, there is a recission proposed or offered of \$700 million as a result of improved supply operations in the Army alone.

I might remark, however, that the Preparedness Subcommittee of the Committee on Armed Forces of the United States Senate headed by Senator Flanders, as late as last year stated that we may not be moving rapidly enough. It is our firm belief that the salutary effect of supply discipline which is being encouraged through the use of stock funds might well be dissipated in a circumstance where charges to commanders throughout the Establishment are required for credit to the stock funds at the same time that others might be free to acquire some of the same materials by donation, however worthy a purpose there might be for the donation.

The issuance of regulations by Secretary Wilson on February 1, 1954, after months of work and full coordination with the three military departments, the Bureau of the Budget and the General Accounting Office, and after certain clarifications have been made in the basic legislation by the 83d Congress, served to bring this problem—that is, the problem of donations and at the same time supply discipline—to bring this problem, not heretofore anticipated, into sharp focus.

During the past several months, while we were attempting to work out a basis upon which we could cooperate to the fullest degree with the donable program, the Department in conjunction with the Bureau of the Budget, DHEW and GSA made studies in the field which indicated that stock-fund property of the type and character which might be most desirable for the program was producing a return of an average of 40 percent on the dollar and that in some cases the return was substantially higher. In 1 case, in the course of this study, it was found to be a trifle over 71 percent.

While this study was not comprehensive, it is certainly fair to assume that the figure of 7 to 8 percent of acquisition cost which represents overall recovery of sales of all types of surplus property, including scrap and salvage is not representative of the return of the sales of stock-fund materials. Thus, there was a serious question as to whether this material was within the test laid down in House Report 670 on the Federal Property and Administrative Service Act of 1949, that the property to be donated under the program should be only property the sale of which would realize little monetary return. It was during this time, and with these considerations in mind, that I indicated to the Director of the Bureau of the Budget a desire to discuss this matter with the Appropriation Committee at the time of the presentation of our 1956 Budget. My intention prior to the introduction of H. R. 3322 was to suggest to that committee the possibility of the establishment of an appropriation account, perhaps within the Department of Defense, to serve this purpose. The establishment of such an account would, of course, require no additional legislation or amendment to the Property Act, such as is now under consideration by this committee. The session at which I would have made such a proposal was initially scheduled for February 11. However, it has been postponed and is now scheduled for February 21.

After further consideration of the matter, following introduction of H. R. 3322, our solution for achieving both the desirable object of maintaining supply discipline within the Military Department and at the same time providing an effective donable-property program would still be to recommend the establishment of an appropriation account preferably in the Department having control over the program, in this case the Department of Health, Education, and Welfare, which account would reflect charges equivalent to the fair value of the property turned over for donation. It would then be clear to all personnel involved in the operation of the supply in the Department of Defense that the stock fund was operated on true commercial and businesslike principles—on a cash-and-carry basis—and at the same time the Congress for the first time would have complete information available to it as to the extent and cost of the program.

In conclusion, I should like to reiterate that in working out our financial and supply management problems in the Department of Defense, we would welcome clarification of congressional intent on the subject before you today, but earnestly request that in making provision for a successful donable program that provision also be made for preserving the integrity of the stock-fund principle and without diluting the encouraging efforts being made in the Department of Defense to achieve improved supply discipline and management.

We have representatives of the Assistant Secretary of Supply and Logistics here today to discuss the effect of the current proposed bill on disposal procedures, and if it is the pleasure of the committee, you can hear from them, or I would be glad to attempt to answer any questions first if you so desire.

Mr. McCORMACK. I think we had better proceed with you.

You have representatives of the Assistant Secretary for Supply?

Mr. McNEIL. Yes, sir.

Mr. McCORMACK. We will hear from them later.

Mr. McNEIL. Yes, sir; at your pleasure.

Mr. McCORMACK. Any questions, Mr. Moss?

Mr. Moss. Yes; I have some questions, Mr. Chairman.

I am rather interested in the statement that we have been getting returns on this property of 40 percent on the dollar and 71.80 percent on the dollar. What percentage of the sales held recently have produced a return of this type?

Mr. McNEIL. In attempting to get something that would be of help to this committee, so that they could get a good "feel" of the problem, I asked that they get a complete sale, all the lots in a complete sale, without regard to whether the property might be usable or otherwise, that is, in this stock-fund-type material.

The example that was gotten at random was a sale on October 19, 20, and 21, at the Columbus, Ohio, General Depot. There were 65 lots of material which appeared to be of types usable by educational institutions. I would be glad to put this list in the record, because I think it is quite important.

Mr. McCORMACK. Without objection, it will be inserted in the record. I think we probably have it already, but we will insert it as a part of your testimony.

(The table referred to is as follows:)

65 lots of surplus property included in a public auction sale at Columbus, Ohio, Army General Depot, on Oct. 19, 20, and 21, 1954

Lot No.	Lot description	Acquisition cost	Gross proceeds	Percent return
11	Miscellaneous lot kitchenware, flour scoops, forks, pots, ladles, bread knives, dippers, plastic soup bowls, glass chinaware, etc. (B13)	\$437	\$140	32
14	Miscellaneous hardware, handle socket wrenches, nippers, C clamps, upholsters needles, etc., approximate weight 482 pounds (B17)	1,050	135	13
33	Lot 3/8-inch snaps, approximately 3,479, each approximate weight 70 pounds (B41)	198	45	23
35	228 pairs men's service shoes, miscellaneous sizes, approximate weight 1,050 pounds (B44)	1,140	500	44
41	210 pairs white cotton trousers, approximate weight 264 pounds (B49)	493	125	25
52	Lot miscellaneous sewing supplies, treader and trim needles, cotton and silk thread, tweezers, etc., approximate weight 80 pounds (B61)	319	30	9
53	Lot miscellaneous textile, etc., approximate weight 62 pounds (B62)	49	15	31
66	Miscellaneous lot hardware, pullers, gages, leather stamp dies, approximate weight, 2,735 pounds (B77-78-79-80)	737	275	37
68	Miscellaneous lot remover-replacer bushing camshaft sets, automotive tools, screwdrivers, tool ignition micrometers, calipers, etc., approximate weight 550 pounds (B83-84)	2,337	200	9
74	Miscellaneous lot hardware supplies, consisting of steel hasp, wood auger, baring bits, wood chisels, special taper taps, block pulleys, wire metal babbitt for automatic soldering machine, etc., approximate weight 842 pounds (B-95)	460	375	82
75	Miscellaneous lot office supplies, liquid glue, typewriter ribbons, books on recreation, chalk, cellulose tape, wrapping paper, 18-inch cutter and holder, approximate weight 810 pounds (B96-97)	261	210	80
76	Miscellaneous lot kitchen supplies, meat books, cake pans, butcher saw, cookie cutters, ladles, cook forks, etc., approximate weight 601 pounds (B98)	192	100	52
81	1 Black-Decker, 3/4-inch electric drill approximate weight 32 pounds (B105)	65	80	123
85	Lot high-speed and carbon steel drills, approximately 1,742 each, approximate weight 1,050 pounds (B106)	1,857	1,000	54
87	227 pair gloves (synthetic rubberized)	227	100	44
86	Lot metal lathe tools, hardware supplies, tire irons, insulating materials, and valve cleaners, approximate weight 1,354 pounds (B 110-114-115-116-117)	1,148	325	28
97	1 automatic dishwasher (spray type), model 10B steam-heated chrome steel body and tank, approximate weight 1,060 pounds. (B 127-A)	1,980	800	40
105	Lot plain laundry marking pins, approximate weight 467 pounds. (B-134)	1,000	100	10
107	1 electric sewing machine, folding standard 1/4-horsepower, model 6w156, approximate weight 400 pounds. (B-139-B)	66	90	136
110	Miscellaneous lot white bond paper, typing bond sulfate, 8 by 10 1/4-inch, typing paper chemical wood substance 24 buff size, etc., approximate weight 584 pounds. (B-141)	113	150	133
119	Miscellaneous lot office supplies, blue wood drawing pencils, rubber erasers, etc., approximate weight 164 pounds. (C-1)	267	130	49
120	Miscellaneous lot hardware, solder, screwdrivers, punches, snap sets, ratchet wrenches, sharpening stones, aligning wrenches, etc., approximate weight 374 pounds. (C-2)	874	175	20
122	Miscellaneous lot kitchen supplies, flour scoops, wax wrapping paper, apple corer, lap metal pitcher syrup glasses, knives, etc., approximate weight 572 pounds. (C-4)	665	160	24
125	Lot art brushes, camel hair No. 1, approximate weight 96 pounds. (C-8)	273	180	66
133	Miscellaneous lot glassware and chinaware consisting of syrup pitcher, mustard pots, approximately 909 each, approximate weight 1,800 pounds. (C-21-22)	425	90	21
139	Miscellaneous lot monkey wrenches, scythe blades, pipe wrenches, double end box wrenches, screwdrivers, C clamps, flue brushes, etc., approximate weight 1,199 pounds. (C-28-29-30-31-33)	1,347	325	24
140	Miscellaneous lot office supplies, white paper, wood pen holders, computing ribbon, inkstands, etc., approximate weight 432 pounds. (C-32)	570	60	11
141	Miscellaneous lot hardware consisting of water-pump pliers, combination pliers utility wire cutters, spark-plug wrenches, screw extractor sets, wood chisels, etc., approximate weight 739 pounds. (C-34-36-39-40)	1,689	475	28
142	Miscellaneous lot various sizes index cards, approximate weight 686 pounds. (C-35)	494	60	12
145	Lot automotive tools, brake shoe gages, rim wrenches, brakelining applicators, water-pump tools, generator armature puller, universal chain wheel puller, etc., approximate weight 432 pounds (C-41)	626	100	16
147	Lot kitchen utensils consisting, stock pots with cover, basting spoons, ladles and dippers (chrome steel and carbon steel hot tinned) china strainers, square cooking pans, corrugated galvanized can covers, etc., approximate weight 1,594 pounds (C-44-45-46-47-50-52)	1,331	150	11

65 lots of surplus property included in a public auction sale at Columbus, Ohio, Army General Depot, on Oct. 19, 20, and 21, 1954—Continued

Lot No.	Lot description	Acquisition cost	Gross proceeds	Percent return
170	Miscellaneous lot hardware consisting, carbon steel drills, high speed drills (various sizes) blacksmith tools (all kinds), ball peen machinist hammers, tools and withholders, pipe-chain vises, woodworking chisels, socket-wrench boxes (empty), metal tool-boxes, gimlets, etc., approximate weight 3,862 pounds (C-93-94-95-96-97-98-99-101-102-103)	\$6,057	\$1,200	20
196	Miscellaneous lot staplers, gages, indicators, pocket thermometers, reamers, typewriter pillars, wire-drill gages, No. 6, paper benders, long spank drills, etc., SWT 1,071 pounds (E-234-246-245-244-243-242)	3,103	375	12
197	Lot miscellaneous paper, typewriter, book offset plate, stencil, mimeograph, carbon, plain, waterproof bag paper and liners, SWT 8,374 pounds (E-235-196)	2,970	650	22
205	Lot fluorescent lamps, wall and desk, approximately 45 each, SWT 1,274 pounds (E-208)	405	375	93
208	Lot steel cabinet drawers, approximately 123 each, SWT 590 pounds (E-222)	376	50	13
223	Lot wrenches, offset, roller, socket, sparkplug, screwdriver bits, extension bit holders, float gages, carpenter squares, nail pullers, wing dividers, etc., SWT 1,620 pounds (E-184-185)	4,351	525	12
246	Lot breast drills, shoe knives, switching awl blades, hacksaw blades, aligning wrenches, pliers, wrenchpipe straps, roller chains, etc., SWT 3,110 pounds (E-156)	8,948	600	7
258	Lot wire baskets for desks 3 by 14 by 10, approximately 704 each, SWT 639 (E-149)	176	45	2
265	Lot kitchen utensils, steel chrome cake covers, chinaware, enamelware, dippers, cooking pots with covers, utensil bags, egg retined whip, ladles (chrome and steel) frying pan outfit without extension handle, and frying pans, flour scoops, aluminum scoops, etc., SWT 2,973 pounds (E-131-128-127-126-125-124-123-120)	1,899	425	22
281	Lot s leather machete for 18-inch blade, maintenance stove tool bags, olive drab webbing, white medical mosquito bar netting, etc., SWT 1,298 pounds (E-83-84-85)	1,300	175	13
290	Lot olive drab field canvas bags, approximately 2,100 each SWT 3,335 pounds (E-83)	7,560	1,450	19
291	4 each, electric juice extractors, SWT 224 pounds (E-69)	173	125	72
293	Lot aprons, leather and protective, SWT 718 pounds (E-71)	1,141	300	26
298	Miscellaneous lot plumber saw blades, level gages, range tops, marking mallets, telescope gages, block steel tacks, woodworking chisels, typewriter wrenches, grommet cutters and wood screws, washers, etc., SWT 2,746 pounds (E-66)	3,826	450	12
318	Lot winter undershirts, olive drab, gray, approximately 720 each, SWT 298 pounds (E-104)	445	225	51
339	Approximately 53 gallons primer paint, SWT 450 pounds (E-24)	122	100	82
340	Approximately 252 gallons lube oil and mineral oil, SWT 2,272 pounds (E-9)	1,211	200	17
341	Lot carbon ribbon, approximately 2,766 each, SWT 614 pounds (E-16)	789	30	4
347	Lot hospital front tent hoods, SWT 958 pounds (E-18)	1,348	65	5
354	56 pair athletic shoes, SWT 117 pounds (E-76)	123	60	49
394	28 each, steel map planning cabinets (53 by 41), SWT 29,680 pounds (F-1)	5,312	3,500	66
399	Lot office and typist chairs, approximately 11 each, SWT 543 pounds (F-5)	240	110	46
403	Lot floor mops and mopping outfits, approximately 98 each, SWT 232 pounds (F-9)	268	110	41
410	Lot wood and steel file sections (various sizes), SWT 895 pounds (F-18)	559	25	4
420	70 each, electric soldering iron (150-200 watt), SWT 256 pounds (F-37)	245	175	71
422	Miscellaneous lot wood pencils, map tacks, wastepaper baskets, card index, bookwire, graph paper, etc., SWT 1,581 pounds (F-21)	2,195	150	7.0
423	Lot kitchen hardware, plastic mess trays, can opener (hand lever), steel butcher knives (10 inches) bread pans, piepans, chrome steel table, forks, etc., SWT 597 pounds (F-38)	563	125	22.0
424	Miscellaneous lot paper, writing pads, typewriter paper, mimeograph paper and manifold paper, SWT 3,532 pounds (F-99)	860	350	41.0
446	Lot olive drab sleeveless undershirts, approximately 1,550 each, SWT 437 pounds (F-65)	759	325	43.0
447	6 each field desks with tops, SWT 432 pounds (F-73)	153	90	59.0
448	7 each hand-operated adding-subtracting machines SWT 420 pounds (F-71)	3,027	400	13.0
476	Miscellaneous lot office supplies, calendar pads, baskets, rulers, Avon moistener, numbering machine, staple fasteners, stencils, etc.	681	110	16.0

65 lots of surplus property included in a public auction sale at Columbus, Ohio, Army General Depot, on Oct. 19, 20, and 21, 1954—Continued

Lot No.	Lot description	Acquisition cost	Gross proceeds	Percent return
511	4 each electric domestic washing machines, SWT 1,400 pounds (F-102)-----	\$332	\$225	7.0
518	30 each upholstered metal chairs, SWT 528 pounds (F-106)-----	165	200	12.0
Total, 65 lots-----		84,372	20,020	23.7

NOTE.—The above lots were selected from over 2,000 lots sold at this auction to obtain a fair sample of the items generally requested for donation. These 65 lots were selected without prior knowledge of the acquisition cost or gross return. The lots were selected without regard to condition or serviceability of the individual items which are included in each lot. On the basis of the best data available, it is not believed that the cost of sale for these types of items is more than 1 percent of the acquisition cost.

Mr. McNEIL. The percentage return in this wholesale covering all 65 lots varied from a low of 7 percent to a high of 136 percent of acquisition. The 136 percent happened to be for 1 electric sewing machine. The 133 percent was for white bond paper. We probably bought it at a price that was quite reasonable, and in a small lot it sold at a higher than cost price.

Mr. Moss. Were those offered as individual items or were they offered as part of a large lot offer? Could they be bid on individually?

Mr. McNEIL. This one was apparently just one machine. But there were some items that were large quantities and some small. For a miscellaneous lot of kitchenware—the return was 32 percent. Miscellaneous hardware, socket wrenches, upholsterer's needles, 13 percent; 3-inch snap wrenches, 32 percent; 228 pairs of men's shoes, 44 percent of acquisition cost. And it runs all the way up to a Black-Decker drill at 123 percent.

Mr. Moss. Individually available?

Mr. McNEIL. Yes.

Mr. Moss. Is it the custom to have those items individually available in these offerings? I have had numerous complaints from my district.

Mr. McNEIL. Yes. I think it depends on the kind of sale. There are some bulk items and some single items, depending on the cleanup at the particular location.

Mr. Moss. In addition to complaints I have had from public agencies, I have had numerous complaints from farmers in my district that the lots are so mixed as to character and so large in quantity that they are not able to get the items that they would bid on. They say that they would be perfectly willing to offer a high bid on an individual item, but they are denied the opportunity of bidding in that fashion, and they would have to buy a lot of items that they couldn't possibly use. The quantity offerings are far too large to permit them to bid.

Mr. McNEIL. I think in some cases that would be true.

Mr. Moss. In small offerings, the return might be higher.

Mr. McNEIL. I think you are probably correct, sir.

Mr. Moss. But in citing this I am very much interested in whether it is a typical offering by the Department or whether it is just an isolated offering.

Mr. McNEIL. I am informed that it is, sir, a typical offering, because there are some sales that are much smaller than that and there are some that are larger.

In Atlanta last year there was another sale for which I have the record. Incidentally, the average for all the property in that sale, including used, junk, as well as good items was 23 percent of acquisition cost.

In another sale—and this is only to get a feel of whether this was really representative or not—in Atlanta—and I believe there was a State official present there at the time that this check was made—for the unused property, the return against acquisition cost was $23\frac{1}{2}$ percent, and against fair value was $46\frac{4}{7}$ percent. Used property was 20.9 percent of acquisition cost, and 105 percent of what was considered the fair value.

That will go into the record, if you so desire, sir.

(The document referred to is as follows:)

Another study was made by a representative of my office of a complete sale at the Atlanta General Depot in September of last year, in company with a State disposal official, who indicated on the list of property offered for sale those items the acquisition of which would be desirable under the donable program. The result of this study, a copy of which I should like to offer for the record, indicates that for unused property the return against acquisition cost was 23.2 percent and against fair value was $46\frac{4}{7}$ percent; for used property the returns were 20.9 percent and 105 percent, respectively.

Mr. McNEIL. There is a great deal of detail behind this. I don't know whether you want to encumber the record with it, but there is a summary. I do believe that these are representative of this class of material.

Now, in the case of the disposal of used aircraft or aircraft instruments or obsolescent aircraft engine spares, smoke pots, fire bombs, which have been demilitarized, we hardly get enough out of it to pay for the—

Mr. McCORMACK. Will you speak a little louder, Mr. McNeil, please?

Mr. McNEIL. Yes, sir. I say, if the disposal covers aircraft, aircraft instruments, fire bombs, which have been demilitarized, items of that kind, we got practically nothing out of it. But taking the acquisition cost of that property together with the material that is normally carried in a stock fund, the average does come out to about 7 percent. Military-type items, the $2\frac{3}{8}$ -inch bazookas, for example, are being disposed of. They are being broken up for scrap. It brings hardly enough to pay for the sale. It is a matter of clearing a warehouse so that we do not have to build additional warehouses for their storage.

So 7 percent, which is a figure that is quoted quite frequently, is a correct figure when all items are included.

Mr. McCORMACK. That is 7 percent gross; is it not?

Mr. McNEIL. Yes.

Mr. McCORMACK. Have you broken down the cost so that we know what is the net?

Mr. McNEIL. It runs about 1 percent of the sale, across the board, of the revenue from sales. In small sales, it runs up to around 2 percent.

Mr. McCORMACK. Is that the actual sale?

Mr. McNEIL. Yes, sir.

Mr. McCORMACK. The cost?

Mr. McNEIL. The cost; the selling.

Mr. McCORMACK. Do you use employees of your department that are not paid out of other Government appropriations?

Mr. McNEIL. In getting the material ready and lining up for sale; yes, sir.

Mr. McCORMACK. Would that increase the cost?

Mr. McNEIL. Yes. But we have that cost of people there taking care of the property. There would be some increased cost. There is no question. I don't know how you would identify it, if you have your own staff to line up the sale.

Mr. McCORMACK. Not only civilian, but military personnel, are used?

Mr. McNEIL. Civilians for the most part, but there are times when the station has military personnel which are used; yes, sir. But that is in segregating the property and getting it identified and ready for sale.

Mr. McCORMACK. That is all a part of the cost?

Mr. McNEIL. It is. But I don't know how you would identify it from a normal station operation.

Mr. McCORMACK. I can appreciate that. But on the other hand, when you say it is 1 or 2 percent, the cost is higher?

Mr. McNEIL. That is the selling cost only, after the material is ready for sale.

Mr. McCORMACK. I didn't mean to interrupt you, Mr. Moss.

Mr. Moss. I have another question here.

In recommending a suggested appropriation account in, say, the Department of Health, Education, and Welfare, would you suggest a pricing procedure comparable to that employed by General Services Administration where a definite value is placed on items?

Mr. McNEIL. I think they do, and we do also. When we repair the property and put it back on the shelf we may price it at 70 percent of its new value.

Mr. Moss. I have heard complaints that the figure placed on the items for the reutilization program through GSA is sufficiently high to discourage use, and finally it is offered for sale, and frequently the amount of return realized is far below the amount that would have to be paid by Government agencies.

Mr. McNEIL. I don't believe I would be competent to comment upon the pricing policies of GSA. Ours may not be perfect either. But I was rather interested in several examples that I looked at, in which the market value that we are getting compared to our estimates of the fair value seems to be reasonably well in line—I wouldn't say it is perfect, but the criteria we are using in our own department for charging material out to our own users seems to be really very much in line with the prices that we eventually get if it is sold.

Mr. Moss. I wonder if we could have comment from General Services on that, Mr. Chairman.

Mr. McCORMACK. You mean now?

Mr. Moss. Probably it would be helpful at this point.

**STATEMENT OF JOHN THOMAS, DIRECTOR, PERSONAL PROPERTY
UTILIZATION DIVISION, FEDERAL SUPPLY SERVICE, GENERAL
SERVICES ADMINISTRATION**

Mr. THOMAS. I think your question is that transfers of excess were not being effected or honored by Services, and that our fair value code was out of line in relation to sales returns.

Mr. MOSS. I have heard that contended, and I am interested in it.

Mr. THOMAS. Yes; we do have a lot of instances where that has happened, and if you would like to have that submitted for the record, we can do it for you. It is rather detailed, and I would suggest that we submit it for you. That has been the case in many instances.

Mr. MOSS. I think it would be pertinent to the suggestion made by Mr. McNeil of creating an appropriation account to do almost the same thing in Health, Education, and Welfare as the donor surplus program.

Mr. McNEIL. Mr. MOSS, I think there is a self-leveling element in this, because our own commanders, if we charged the same price for used property, don't want to receive a charge for any more than the fair value. So in a sense we have our own internal checks and balances, because we have a good many people who under our own current allowances do not want to be charged in the current operating account for any more than the fair value of used property.

Mr. THOMAS. I would like to say one thing. Our regulation, under the authority that we have, allows for transfers to be effected without reimbursement under what we call the pauper's oath. It is part of our regulation. And we have had many transfer requests denied by the services, where services are now requiring, when they have installed a stock fund operation, reimbursement in the amount of our fair values.

However, there have been instances where certain services at certain locations have set up their own values other than those which are prescribed by GSA regulations.

Mr. MOSS. Of course, I am convinced that most of these schools and hospitals could in good conscience take the pauper's oath.

In the stock fund operations do you only capitalize the funds or the stocks that have rapid turnover?

Mr. McNEIL. Generally the criteria is what might be called standard stock, a common-use type of material. By common use, it is used by two or more organizational units within the department, that is where you get a customer-supplier relationship, and generally what we might call standard stock, although that is subject to some latitude in definition.

Now, motor spares, yes; aircraft engines, perhaps sometimes could be included, but at the present time we have not. I am trying to say that the highly technical type of equipment which could be made obsolete by technical developments, we do not propose to include. All items of consumption, used in the day-to-day operation of the Army, Navy, and Air Force, is the type of material that would be covered.

Mr. MOSS. But the turnover is not a governing factor necessarily?

Mr. McNEIL. Not as such, but it so happens that they are high turnover items.

Mr. MOSS. But you are attempting to achieve that.

Probably, Mr. Chairman, in the next question I am going to digress just a little from this immediate point.

But I am very much interested in—I was noticing the accounts for the Departments of the Army, the Navy, and the Air Force on medical supplies, and recently we have had the depot in Alameda, Calif., closed down where we were getting an integration, or having a common operation there for the various departments. I was noticing we have 13,400 line items, about \$247 million of medical stock in the Department of the Army, 5,600 items and \$110 million in the Department of the Navy, and 6,500 and \$108 million in the Department of the Air Force.

Isn't that a considerable amount of duplication of capitalized items of stock?

Mr. McNEIL. There could be, but not necessarily, because the gross inventories in the three services also include mobilization reserves.

Mr. Moss. You don't capitalize those?

Mr. McNEIL. Yes.

Mr. Moss. War reserves?

Mr. McNEIL. Yes, sir; if it is the same type of items. We wouldn't want to carry quantities of material for mobilization reserve where there would be no turnover and the same items separately for normal issue when all should be under the same system of financial property accounting.

Mr. Moss. You have no turnover there?

Mr. McNEIL. The items turn over, but the gross stock does not. Let me put it this way: Take medical supplies or clothing. Assuming a service was consuming \$100 million a year, and 6 months was a reasonable, normal operating stock, that would require about \$50 million inventory.

Assuming that \$125 million represented a reasonable mobilization reserve, for the people that you would have to outfit on an expansion before you could get new material into the system, that would be a gross inventory in that case of \$175 million, although \$50 million would really be an operating portion of stock. But we would treat the whole \$175 million as live inventory, because your old items would keep moving out first, so you could treat it as gross inventory, but not segregate it in separate warehouses or keep it under a separate system.

Mr. Moss. In that central operation, such as the one you had in Alameda, Calif.—I think you have discontinued it now—

Mr. McNEIL. Yes.

Mr. Moss. Wouldn't you have been able to operate with a smaller total both as to items and the amount of money tied up in stock?

Mr. McNEIL. It is possible, sir. And that was one of the reasons for the test, to find out both, could it serve, and was there any—

Mr. Moss. We are not to gather that the depot was discontinued because it failed to prove that it could operate more efficiently?

Mr. McNEIL. I understand it did a very good job in supporting the Pacific coast area. I don't believe at this moment I am familiar enough with the reasons for discontinuing it to comment.

Mr. Moss. If it was working out it should have been able to operate with less capitalization?

Mr. McNEIL. It might. But it is not necessarily true.

Mr. Moss. But that was not determined, apparently, before it was discontinued?

Mr. McNEIL. I don't believe I can answer your question this morning.

Mr. Moss. I would be interested in knowing that.

Mr. McNEIL. I am going back and look it up.

Mr. McCORMACK. Mr. Jonas.

Mr. JONAS. For the record, I think it is in some of these documents, but can you tell us offhand in round numbers how many dollars we are talking about, dollars worth of property?

Mr. McNEIL. In the supply account for the stock fund?

Mr. JONAS. Yes.

Mr. McNEIL. At the present time the inventory is about \$81½ billion. When we complete the program there will probably be \$3 billion additional in the Navy, probably \$2 billion additional property now in the possession of the Army, that will go into this, and a little more than that which the Air Force does not yet have covered by this system. I would guess that at the present time all the property we feel should be in it would be about \$15 billion.

Mr. JONAS. Are these acquisition cost figures?

Mr. McNEIL. Yes.

Mr. JONAS. Then how much money, how much cash?

Mr. McNEIL. Normally it takes about 10 percent, the cash portion of the total capital should be about 10 percent to handle the payment of bills, pay the bills to suppliers, and carry the accounts receivable until they make collections.

This is the cash statement [indicating document]. But it does not show the value of the inventory of the capital.

Mr. JONAS. This is the correct one?

Mr. McNEIL. Yes, sir. I will correct my statement. I said eight and one-half billion. It is \$8,862,000,000.

Mr. JONAS. Are you including in the figures you have given property in the stock fund?

Mr. McNEIL. Yes, sir.

Mr. JONAS. In addition to that you have a lot of surplus property that is not included?

Mr. McNEIL. That is correct.

Mr. JONAS. What can you say about acquisition costs of that unincorporated property?

Mr. McNEIL. In your question were you covering aircraft engines, ships?

Mr. JONAS. I just wanted to get some idea of the amount of property in question.

Mr. McNEIL. The total balance sheet will exceed \$150 billion, if you including real estate and ships in the total. They are semicapital type of material. Just taking guns, tanks, ammunition—

Mr. JONAS. You don't mean \$150 billion of surplus?

Mr. McNEIL. No.

Mr. JONAS. You mean total. Now, what part of that has been allocated as surplus or determined to be surplus? You have given the figures that you have in the stock fund.

Mr. McNEIL. I don't believe that anybody can give you a really good answer. But may I ask Mr. Keogh and see if he has an answer.

Do you have an estimate of what you might presently think is identified?

Mr. McCORMACK. Will you give your name for the record, please?

STATEMENT OF JOHN L. KEOGH, DIRECTOR OF STORAGE, DISTRIBUTION, AND DISPOSAL, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, SUPPLIES, AND LOGISTICS; ACCOMPANIED BY RALPH C. SPENCER, STAFF DIRECTOR

Mr. KEOGH. Mr. Spencer will answer that.

Mr. SPENCER. It is an estimate of the acquisition cost of material that presently is in sight for disposal. Excess property in the year 1954 that is generated and doesn't account for what was done with it after it was generated as excess was \$2,197,226,000.

Mr. McNEIL. That included rocket launchings, bazookas, tugs, military type of equipment?

Mr. SPENCER. It included all property that was generated, but it does not necessarily mean that it was all at full acquisition costs, because all that is to be scrapped is carried at a depreciated value.

Mr. McNEIL. When you have a new aircraft coming into the system, after 8 or 10 years the old aircraft finally becomes too expensive to maintain and then becomes surplus, and it is awfully difficult to get a reasonable estimate of its value.

Mr. JONAS. The reason I asked that question is because the committee has heard testimony from representatives of institutions indicating that there is a vast amount of property that has been included in the stock fund, disposed of at low prices, and they are denied the opportunity to acquire it.

Now, I understood you had a large amount of property called surplus or available for disposition not included in the stock fund property, and I was just seeking to find out how much in value was involved.

Mr. McNEIL. May I attempt to answer your question? The answer may be a trifle lengthy.

If I don't cover your point, will you ask again and I will try to clarify it.

The Navy has been operating a stock fund for a good many years, it started in 1893. They have had until a year ago a list of items covered by the stock fund which was relatively stable from World War I on through to 1951 or 1952. In 1951 or 1952 they expanded the list of items to include medical supplies under the same system. At the present time they are considering areas such as aircraft spares and radio tubes and things like that to go into the system also. And in the case of the Navy we probably don't have too much surplus declared from the stock fund material, because that system has been on a merchandising basis for a long time. So the volume isn't great, and will be generally small quantities just as they develop.

In the case of the Army—which had no financial accounting for property at all through the first 150 years of their history—they have now gone into it with real enthusiasm and are doing a good job. That only started 2 years ago.

In taking these rather vast inventories which had not been under any kind of financial property accounting and converting it to a

system where you get rather complete and definite control, there are two courses of action one might take.

One is, go through and sort out very carefully those things which you ought to take up, which you well knew you were going to keep, sort out things that were excess. That was considered. But if that were done, it would take several years to get what we believe is a definite step ahead in the installation of financial property accounting.

The decision was made that we would take the property as a class, capitalize it, and make the adjustments afterward, which means at the present time while the system is being installed, since there is property that is taken up in the stock fund that, if you waited a year or two, you would find, should never have been taken up. But it is the only way to get a system of financial property accounting and control—to take it all up as a class.

Mr. JONAS. One other question: Would you care to comment for the record on the statement made earlier this morning that you folks are being brain-washed by some surplus-property dealers and that the small fry are not receiving consideration?

Mr. MCNEIL. Well, for my own part, I would not admit that I had been. But I believe the question can be answered a little later when the representatives of the assistant secretary of supplies are called.

Mr. JONAS. That is all.

Mr. MOSS. I have 1 or 2 questions that might clarify this in my mind.

When you capitalize a stock fund there are a group of items that are placed there. Is it because they are common to a service or a function of a service? You have a number of capitalized accounts, you have just one capital stock, or do you have—

Mr. MCNEIL. One for the Army, one for the Navy, and one for the Air Force, but there are divisions, by basic classes of materials, such as clothing, subsistence, and medical supplies.

Mr. MOSS. Now, there has been quite a bit said about maintaining the integrity of these funds. If you capitalize a fund—and you have indicated that in this changeover it would be possible—that has a large percentage of excess or obsolescent items, you offer those and say they bring what appears to be a typical average of about 7 percent return, how do you make up for the deficiency then that is created in your fund? You want to maintain its integrity, so I assume you are going to maintain it at the same dollar level, but how do you bring it back up, by appropriation, or what?

Mr. MCNEIL. First, the 7-percent figure does not apply to stock-fund property.

Mr. MOSS. That is overall?

Mr. MCNEIL. That is overall. But that is including, as I said, the bazookas, which you will probably never take up in a stock fund. You only get that low percentage by taking the average.

Mr. MOSS. What is the average on stock-fund items?

Mr. MCNEIL. In the tests that were made last summer it was running about 40 percent on the average. But that property in capitalizing was taken up at what was considered a fair value and not as acquisition cost—that is, if it were used.

Mr. MOSS. There had been a writedown prior to the time it was offered?

Mr. MCNEIL. That is right.

Mr. Moss. So your percentage of return actually related to acquisition costs would be less than the 20 percent, it would be related to the capitalized value rather than the acquisition costs?

Mr. McNEIL. That is right.

Mr. Moss. So it wouldn't be proper to relate that 20 percent to the 7-percent gross on the noncapitalized items, there would be a reduction below 20 percent relating it to acquisition costs? In other words, acquisition costs is here, when you capitalize a fund you place a value on it which may be less than acquisition costs, so your return, if it is 20 percent, related to there, would be less when it related it to acquisition costs?

Mr. McNEIL. The 40-percent figure I gave in my statement represented the percentage of the capitalized cost taken up. The 20-percent figure that you used—looking at this Columbus example—was against acquisition, so 20 percent was against the original acquisition costs.

Mr. Moss. Then the 20 percent for your purposes would be a more accurate return than the 40, one is acquisition and the other is based on stock-fund value?¹

Mr. McNEIL. That is correct.

Mr. Moss. I think that is all the questions I have.

Mr. McCORMACK. Any further questions of this gentleman?

Mr. McNeil, is my understanding correct that you said the Bureau of the Budget agreed with the Defense Department directive of February 1, 1954?

Mr. McNEIL. It was issued after full coordination of Army, Navy, Air, the Bureau of the Budget, and the General Accounting Office.

Mr. McCORMACK. You realize the effect of that directive upon the donable program, that it would have a serious impact, don't you?

Mr. McNEIL. Frankly, I don't think that that question was raised—to my knowledge, it was not raised by any one of the five agencies that worked on that problem at the time.

Mr. McCORMACK. Well, it has had a serious effect.

Mr. McNEIL. I think it has had an effect.

Mr. McCORMACK. Adversely.

Mr. McNEIL. I think so, sir. That is why, sir, back in April when I first heard of the problem—I think it was in reply to a letter from Health, Education, and Welfare—I proposed that until we could get the matter clarified that we attempt to revise the stock-fund regulations and attempt to meet the donable property objective, and at the same time not violate the other act, which was section 405 of the Security Act. We frankly didn't get the regulations amended, because we were unable to achieve agreement between the various agencies as to the proposed limitations which were quite high, and which our legal advisers told us was impossible. That is the reason I was talking to the Bureau of the Budget prior to the introduction of this bill. I thought I had the solution, because if there were an appropriation established against which the fair value of this material could be charged, as far as the schools were concerned it wouldn't make any difference to them, but it would preserve the integrity of the stock fund, provide full knowledge to Congress and everybody else as to what was going on in this donable property program, and at the same time not interfere with

¹ See appendix II, p. 312, for letter from Mr. McNeil to Mr. Moss, dated February 21, 1955, for correction of this part of Mr. McNeil's testimony.

the donation of a single item to schools. And thus we could try to carry out the intent expressed in the Property Act as well as carry out section 405 of the Security Act.

Mr. McCORMACK. Now, Mr. Pearson testified the other day, he said—and I quote from the record:

My impression, or our impression, is that the stock fund regulations issued by the Department of Defense in February, 1954, and unfortunately approved at that time, or just prior to that time by the Bureau of the Budget—but approved by the Bureau of the Budget—with consideration only of their accounting solidness and significance—not that it occurred to anybody then and there that it had an implication beyond that—when that implication became clear we took the position in June of last year, and have left I guess in dozens of times since then, in an attempt to accomplish an administrative reconciliation to reverse the position of February 1 directive without success.

That seems to be a little in conflict with what you have just said.

Mr. McNEIL. I don't believe it is, sir, in this way. The first part of his statement, I think, has the same meaning as the statement I made, and that is, when the regulations were issued I don't recall that this question of the donable property program was raised by any of the five agencies who participated in the development of it.

Mr. McCORMACK. Why wasn't it raised? It was the law, it was on the statute books, the law preceded the law that you issued the directive under by 40 days, and then Congress the following year made an amendment to it.

Mr. McNEIL. I think the amendment adds one more class of recipients.

Mr. McCORMACK. Yes, but it showed the intent of Congress in connection with the donable property program.

Mr. McNEIL. I can't answer your question as to why none of the scores of people who worked on it, including ourselves, the General Accounting Office, and the Bureau of the Budget, didn't pick that up.

Mr. McCORMACK. But in any event there have been 40 or 50 meetings in the last year to try and relax the effect of the directive, the Defense Department directive of February 1954?

Mr. McNEIL. Your committee very kindly let me see the record of the day before yesterday's hearing, which I saw last night. I notice some 39 meetings were mentioned. I never heard of that number. I know of one meeting last summer which I attended, and there was another one last Friday which I was late to. And those are the only ones that I know of personally, although I believe my staff attended 3 or 4 meetings, and that is all we know. Where 39 came from, I honestly don't know.

Mr. McCORMACK. In other words, the act of 1949 and the act of 1950 relating to the donable property program when the Department issued its directive interpreting the act relating to your Department, those two acts were not given consideration at that time?

Mr. McNEIL. I think that would be correct, sir, that the Donable Property Act, the problems involved in trying to work out regulations for the stock fund were so great that I assume that the intense work on them precluded thought on the other, although it was a deliberate omission.

Mr. McCORMACK. You frankly admitted that in your letter to Secretary Hobby on April 9, 1954, as the record here shows.

Mr. McNEIL. That is right.

Now, trying to answer the second part of your question, the Bureau of the Budget proposed, after this meeting that I was invited to, and the only one I knew of last summer, called by the Bureau of the Budget—the discussion was that perhaps \$1,000 per line item might be the solution of our problem, if our regulations were amended, on the theory that the \$1,000 per line items would not run us into conflict with section 405, as being “little or no return” on the sale.

However, other agencies—I think it was the HEW—would not agree with the \$1,000. We were prepared to do it for \$1,000, as being a reasonable interpretation until the matter could be discussed.

Then, as I mentioned in my statement, I discussed it with the Bureau of the Budget in—I think it was December and January—the idea that we ask that an appropriation account be established against which the fair value could be charged, and we thought that would be a solution to the donable property problem.

Mr. McCORMACK. We won't come to that just yet, we want to answer the question about the historical aspects of this whole matter, both questions in relation to Congress and the intent of Congress.

Is it fair to say that by your admission that the two acts of Congress, one before and one after the act that the Defense Department proceeded under, you testified, were not considered at the time the Department of Defense issued its directive?

Mr. McNEIL. I would say that in the preparation of the regulations, in the effort to get that done, the other act was not considered, either for or against, it probably was not even considered.

Mr. McCORMACK. That is an admission of error on the part of the Defense Department—I won't say the other agencies—but in any event, it is an error on the part of the executive branch.

Mr. McNEIL. I don't know—it might have been an omission of not recognizing it, but the stock fund regulations were the best effort of the five agencies mentioned to carry out section 405 of the National Security Act.

Mr. McCORMACK. Was the Department of Health, Education and Welfare present at the drafting of the regulations?

Mr. McNEIL. No; I don't know why they should be.

Mr. McCORMACK. Why not?

Mr. McNEIL. At the time 405 was considered it was a Department of Defense Act, and I think it would have been helpful if they had had a chance to express their thoughts, but at that time nothing was considered except what then would have application in the Department of Defense.

Mr. McCORMACK. That is because there was no recognition at that time that there was a sharp conflict between what the Department of Defense was doing on the one act, and two other acts passed by Congress in relation to another subject.

Mr. McNEIL. But the minute that it did come up, as I say, in April—

Mr. McCORMACK. I asked about that time. The reason for that was, there was no thought on the part of the Department of Defense as to the sharp conflict between the two.

Mr. McNEIL. I don't think it was recognized as a problem at that time, sir.

Mr. McCORMACK. And had recognition been given to the two acts of Congress in relation to the donable-property program, then the considerations probably would have been different?

Mr. McNEIL. It couldn't be different. I think if we had recognized it earlier we might have had an opportunity to get clarification before Congress adjourned in the summer.

Mr. McCORMACK. Now, Congress legislated in 1949 under the donable-property program, it came out of this committee, and I happened to offer the amendment in the committee, and it was unanimously adopted. And then later it was amended in 1950. Your act that you were proceeding under was passed 40 days after the 1949 act on the donable-property program.

Mr. McNEIL. That is correct.

Mr. McCORMACK. But the other act was passed some months later amending the 1949 donable-property provisions.

Mr. McNEIL. As I remember, it expanded the list of people eligible to receive such property. Is that the effect of it?

Mr. McCORMACK. Yes; it showed the intent of Congress in relation to the donable-property program.

Mr. LANMAN. M. H. Lanman, Jr., Assistant General Counsel, Department of Defense.

At the time of the 1950 amendment, Mr. McCormack, it was clear from all of the legislative history surrounding that amendment that its purpose was solely to include health institutions among the beneficiaries of the program. And it was clear from the legislative history that there was no desire that any of the existing or initial policies established by the Congress under the original 1949 act should be changed.

Mr. McCORMACK. What about the 1950 act?

Mr. LANMAN. The 1950 act only—

Mr. McCORMACK. Showing the intent of Congress in relation to the 1949 act, too.

Mr. LANMAN. Only to add the health—

Mr. McCORMACK. Yes, but it showed the intent of Congress; it went back to the 1949 act.

Mr. LANMAN. May I read from the House report on the 1949 act with respect to what the intention was at the time?

As most of the objectives of the Surplus Property Act of 1944, as amended, have largely been attained, the bill, in harmony with existing law, dispenses with all priorities and preferences on personal property. The committee believes, however, that from time to time, there will become surplus to the Government, books, equipment, or other supplies, the sale of which would realize little monetary return but which would be usable by and of great benefit to our schools and colleges. The bill therefore authorizes the Administrator, in his discretion, to donate such surplus property for education purposes upon the recommendation of the Federal Security Administrator.

The point there, sir, is that when the 1950 amendment was passed adding the health institutions, Congress made it clear by statements in the legislative history that they did not desire to change the policy of putting property into the donable program, the sale of which would realize little monetary return.

Mr. McCORMACK. You based your authority to proceed on that language in the report?

Mr. LANMAN. I would not say, sir, that we based our authority on that statement, sir, but we did consider it after the question was

raised in our efforts to cooperate with the donable program, and when we were presented with the problem of reconciling the mandatory provisions of section 405 of the National Security Act with the discretionary provisions of the Donable Property Act section.

Mr. McCORMACK. Well, the effect of the directive of February 1, 1954, is that property included in several stock funds or working capital funds established within the Department must upon becoming surplus be sold, and the proceeds from the sale deposited to the credit of the appropriate fund. That is correct, isn't it?

Mr. LANMAN. That is correct, sir, when the property will produce any substantial return.

Mr. McCORMACK. And to go further, and that such property may not be available for donation for educational or public-health purposes, that is the effect of it, isn't it?

Mr. LANMAN. When properties will produce substantial return on a sale; yes.

Mr. McCORMACK. Did you consider 7.6 percent on \$1,200 million on the sale for surplus property in 1 fiscal year as a substantial return? That is gross, now.

Mr. McNEIL. Seven percent is not——

Mr. McCORMACK. That is the overall, that is the average.

Mr. McNEIL. But that is not on stock-fund material, that is overall on material that is not under stock funds, specialized military items. That 7 percent is a misleading figure, but mathematically correct.

Mr. McCORMACK. You ought to clarify that.

Overall you are getting that on stock fund?

Mr. McNEIL. The test made by the interagency group, while it is not comprehensive, we felt it was a reasonable spot check, was 40 percent.

Mr. McCORMACK. Average or gross?

Mr. McNEIL. Average.

Mr. MOSS. I think we developed, Mr. McCormack, that that 40 percent relates to the value placed on them at the time of placing the item in the stock fund and not to the acquisition costs, so it would be less when related to acquisition.

Mr. JENKINS. J. Curtis Jenkins. I am staff examiner in the Department of Defense.

The tests last summer were based on acquisition costs, and the samples were primarily of new costs. That was primarily new property. Now, the later results I obtained yesterday were from 65 items, mixed items, which are in the table and which were selected without prior knowledge of the acquisition cost and the proceeds. I picked them out of that catalog and phoned out and gave them the lots, and they gave me back the acquisition proceeds. So I think it is a reasonably fair sample. We tried to pick the kind of items we thought HEW would be interested in.

So I think that at least it is a good indication. Unfortunately our stock fund does not segregate the sale of excess scrap and salvage, so that we could give you a good figure overall on the return.

Mr. McCORMACK. Mr. McNeil, section 1 undertakes to state that surplus, no matter how obtained, would be available for educational and public-health institutions. That is correct, isn't it? Was the surplus out of stock fund or not?

Mr. McNEIL. Yes, sir.

Mr. McCORMACK. Now, it is true that the Defense Department has been the major source of surplus property for the donation program, and it will continue to be.

Mr. McNEIL. I understand that is correct. And I believe it could be assumed that it will be in the future.

Mr. McCORMACK. And in a letter from the Secretary of Health, Education, and Welfare, it is stated—and I quote:

The impact of this interpretation upon the continued operation of the donation program is becoming increasingly serious, and may eventually, to all intents and purposes, completely disrupt the program.

Have you any observation to make on that portion of the letter received from Secretary Hobby? Do you disagree with it?

Mr. McNEIL. No, I think it would affect it. But I think there can be machinery provided so that it does not need to affect it—give the donable program what it needs, and at the same time very simply provide what we need for the maintenance of the integrity of our supply system.

Mr. McCORMACK. Now, in your letter of April 1954, as I remember, there was an indication that they were going to modify the order of February 1, 1954.

Mr. McNEIL. That is right, we proposed to, sir.

Mr. McCORMACK. But there has been no modification made as yet, sir?

Mr. McNEIL. No, sir. We were trying to work that out. I mentioned a moment ago that I attended a meeting of the Bureau of the Budget shortly after that, in attempting to carry out both the intent of the donable program and yet live up to our responsibilities under section 405. Our proposal was that we would provide that \$1,000 per line item as being no substantial monetary return, and therefore we could modify our regulations to that effect. We proposed that. And after 2 or 3 months of consideration, apparently, by the Bureau of the Budget and other agencies, they didn't feel that \$1,000 was high enough. I understood that they proposed \$5,000, and we didn't quite see how the \$5,000 could fit into the definition of a little monetary return for a line item. So the regulations have not yet been modified.

Then we felt that the solution would be to come to the Congress as soon as it reconvened and ask—as I mentioned in my opening statement—that an account be established, so that we could make these charges on donable property.

Mr. McCORMACK. In considering the order of February 1, 1954, and interpreting—in the interpretation placed upon the act relating to your Department in which you frankly admit no consideration was given to the Donable Property Act—did you or your Department or legal division overlook the fact that in Public Law 754, section 602 (c), that made the property act paramount to all inconsistent laws?

Mr. McNEIL. I don't believe that I can answer that, sir.

Mr. LANMAN. I am not sure that I follow you.

Mr. McCORMACK. Of course, the act of 1950—we will come to that a little later and get that provision.

How many meetings did you attend, Mr. McNeil? How many have you attended since the promulgation of the order?

Mr. McNEIL. One, the only one which I was invited to. I asked the staff last night after reading the record of the hearing about the

meetings, and the answer was that they had attended 3 or 4. Now, maybe they had other meetings, but we weren't invited.

Mr. McCORMACK. It could be an honest difference of opinion. I am not asking it for the purpose of any conflict, because representatives of the Health, Education and Welfare Department said that their representatives had a long series of meetings with Defense.

Mr. McNEIL. There may have been meetings, but the ones in which we were asked to participate, based on the best information I can find, were 3 or 4.

Mr. McCORMACK. Section 602 (c) reads—that is the amendment to 152:

The authority conferred by this act shall be in addition and paramount to any authority conferred by any other law and shall not be subject to the provisions of any law inconsistent herewith, except that sections 205 (b) and 206 (c) of this act shall not be applicable to any Government corporation or agency which is subject to the Government Corporation Control Act (59 Stat. 597; 31 U. S. C. 841).

Mr. LANMAN. Mr. McCormack, I wouldn't like to enter into a contest as to the validity or power of savings provisions, but section 411 of title IV of the National Security Act, upon which we must rely, has probably the broadest provision with respect to inconsistencies of any law that I have ever seen.

Mr. McCORMACK. Which act was passed later?

Mr. LANMAN. I would suspect, without having researched the problem, that that provision (602 (c)), or something very similar to it, appeared in the 1949 act, and is subject to the same interpretation, that no policy is intended to be changed by Congress by the enactment.

Mr. McCORMACK. We won't get into an argument, because I have a recollection back in my days when I was studying law of something about the effect of a later act upon a former act. But maybe the Defense Department doesn't do that.

Mr. LANMAN. No, sir. We agree that all inconsistency should be resolved in favor of the later enactment. But when the Congress clearly indicates that the later enactment is only for one single purpose, then we feel that we must follow that.

Mr. McCORMACK. It seems to me that this is a broad field; isn't it?

Mr. LANMAN. In this particular instance and with respect to this particular question the Congress was very definite that they were only adding a class of beneficiaries, and that was all.

Mr. McCORMACK. They went further about acting inconsistent therewith. You can't escape that; can you?

Mr. LANMAN. Could I read just the last line of our savings provision?

Mr. McCORMACK. Certainly. Of course, you are then caught with the question, When did that become law and when did this become law? Go ahead.

Mr. LANMAN (reading):

But no department, agency, or officer shall exercise any powers, duties, or responsibilities in a manner that will render ineffective the provisions of this title.

Mr. McCORMACK. Correct. What date did that become law?

Mr. LANMAN. 1949.

Mr. McCORMACK. This is September 1950; isn't it?

Mr. LANMAN. Well, I have already—

Mr. McCORMACK. You didn't consider this at the time of the February 1 promulgation, did you?

Mr. LANMAN. In any event, sir, we concluded that title IV was paramount.

Mr. McCORMACK. Now, your operation was known as clean sweep, wasn't it?

Mr. LANMAN. That is separate from this.

Mr. McNEIL. That is cleaning up our inventory.

Mr. LANMAN. I would like to clear up one thing in this February directive. It says that the stock fund must be reimbursed with the proceeds of sales of excess property. And it clearly follows the intent of another part of the Property Act where working capital funds are permitted by the provisions of that act to retain the proceeds of the sales of surplus. And I am forced to admit that it was that provision of the Property Act with which we were most concerned at the time. Could we keep the money? And the fact is, we could.

Mr. McCORMACK. Wasn't there quite a fight between the Defense Department and the General Services underneath the surface that didn't crop up as to who had charge of the disposal of surplus property?

Mr. McNEIL. I think there were some discussions on that, sir.

Mr. McCORMACK. My intelligence months ago told me that there was, and I was expecting some legislation to come up.

Mr. McNEIL. I was informed that Assistant Secretary Thomas and Mr. Mansure had worked out a very good pattern for operations about a year ago.

Mr. McCORMACK. Worked out? You know, how they worked it out might be interesting.

Mr. McNEIL. Our whole approach here has been an attempt to make this donable program work under what we felt was conflicting legislation. Our proposal here this morning is in the same vein, an attempt to carry out the intent of Congress in the donable program, but request your serious consideration for the provision of some mechanism where we can keep what we feel is a great step ahead in trying to get a whole inventory and problem of consumption of resources into focus and under control.

The most difficult problem we had in Defense—and I have been here in this room on the subject several times before—where very properly the members were critical of some of our operations, feeling that we were spending too much to get certain jobs done. I couldn't disagree. We had to make certain improvement in our supply systems, in fact, our own Appropriations Committees, our own Armed Services Committees, have us before them occasionally on the same thing.

The Senate established a special preparedness committee to keep our feet to the fire on doing a better job. I can't be critical of the board of directors doing that to see that those of us who are employed to do the job really try to do it. But this whole area of maintenance and operations, as we term it, is costing us \$10 billion a year to keep the doors open for business, and operate aircraft, and ships, maneuvers, and so forth. That \$10 billion is made up of hundreds of thousands, literally millions of individual transactions—a bushing here, a spare part here, a hundred gallons of paint here, a thousand feet of lumber there, 3,000 gallons of fuel going into an aircraft or X

barrels of oil into a ship—it is impossible, in our opinion, by directives, by fiat, or any other thing to keep that whole operation running, and do it efficiently when, with the vast inventory thousands of people, hundreds of thousands of good people around the world can go to the shelf and take it on a “free” basis. This whole system was set up to get an element of self-restraint, if you want to call it that, so that the person who took it off the shelf, knowing it will be charged to his operating account and his operating allotment, he takes a much closer look as to whether he wants to take a hundred gallons of paint off the shelf or not.

When people pay for things they have a higher regard for them than when they are free. We have it in our own family. Every place that we have operated in this manner we find very much lower costs to get the same job done, because the colonel, a Navy captain, the major, the admiral, and the general must use better judgment when they feel they have to pay for the material they take off the shelf.

We want to preserve that principle. It would be helpful if the property we have, would continue to be charged to our own operators. In this whole area of \$10 billion expenditure every year to keep this defense machine alive and operating, it would be helpful if we can make a 5 or 10 percent saving through better supply discipline; it is a great saving to Uncle Sam, because at the end of the year we have maintained our strength with less expenditure.

That is what we are striving for. If we can keep the property on the shelf and charge it to ourselves it would be helpful if we had an account to which we could charge property, if it is donable. It would not affect the donable program—I doubt if a university or school in California would know it, although I am not sure but that it would be helpful if they did.

But if we operate on that principle, it would be a great help to us in improving our supply discipline.

So we are not against the donable program.

I assume that the 5 agencies or 6 agencies including the Office of the Secretary of Defense, were so engrossed in getting a good and workable set of regulations for handling our inventories, that it is conceivable that we didn't give thought to the effect on somebody else. I wish it had come to light at the time. Since it did come to light, we have been struggling to resolve the problem and still retain what I thought was a worthwhile objective for Uncle Sam, and that is better management of our inventories.

Maybe it is helpful to find out why we didn't do something or why we did do something, but I would like to suggest that our efforts, at least, have been toward trying to suggest a solution which seemed to me a rather simple and workable solution, preserve for us our supply discipline and management, and at the same time, give Congress a better picture of what was going on in the donable program.

That sums up my approach.

Mr. McCORMACK. On March 16, 1954 Secretary Thomas testified, and former Congressman Condon asked him a question, and the answer was:

Mr. THOMAS. But it is not any problem to get it clarified. If it represented a very large amount of money it might bring up certain complications that might be more difficult to deal with, but when you look at the amount of money involved it will not be hard to get it clarified.

Mr. McNEIL. I attempted this morning to propose a simple way to clarify the whole thing.

Mr. McCORMACK. What effect will that have upon the Department of Health, Education, and Welfare? You say here the amendment you propose, the appropriation of funds for the Department of Health, Education, and Welfare, shall be available for reimbursement to the Department of Defense for the value as determined pursuant to regulations of the Secretary of Defense of property donated pursuant to section 203 (j) (1) of this act.

Mr. McNEIL. Secretary of Defense only as to pricing, the pricing would be the same as the pricing criteria used to make charges to ourselves.

Mr. McCORMACK. What effect could that have on appropriations made to the Department of Health, Education, and Welfare?

Mr. McNEIL. I assume there would be an appropriation account established in that agency, just the same as we have an appropriation account for—

Mr. McCORMACK. This would be a very fine thing for the Department of Defense, but it might be a very bad thing for the Department of Health.

Mr. McNEIL. I shouldn't think it would be, sir, if they are going to manage the program. If they are not going to manage the program, then perhaps we should have the appropriation account.

Mr. McCORMACK. But it says the value shall be determined pursuant to the regulations of the Secretary of Defense.

Mr. McNEIL. We propose under that, if that language were acceptable, that the criteria for pricing be exactly the same as the criteria for pricing material into our own operations. We don't want them charged to our own operations any higher than logic and reason—

Mr. McCORMACK. Would this require additional appropriations to be made to the Department of Health, Education, and Welfare?

Mr. McNEIL. Yes, it would. It wouldn't affect the Treasury.

Mr. McCORMACK. It seems to me, Mr. Secretary, that this suggestion of yours is even worse than your regulation of February 1, 1954. You are asking Congress, not to defeat the program, but to politely do so.

Mr. McNEIL. No; to establish the kind of program they want. If it was \$100 million a year, it would seem very proper if Congress would say what they wanted—

Mr. McCORMACK. But Congress has said that they get it for nothing.

Mr. McNEIL. Incidentally, such an appropriation account would not require any additional expenditures from the Treasury.

Mr. McCORMACK. I know, but the Department of Health has got to go up and get it. The bookkeeping transaction comes back ultimately, but the poor Department of Health is going to have a hard job of getting it; is that right?

Mr. McNEIL. Unless Congress wanted to provide them with an open account.

Mr. McCORMACK. Then the effect is upon the donable property program.

Mr. Moss. Mr. Chairman, at that point, wouldn't it be pricing this program way up above what you are realizing now if you would apply the same criteria of pricing items that would be charged against this suggested fund? You are not realizing that price at the present

time—you are, perhaps, internally, but when we offer it for sale as surplus—the one example just given us was 23.5 percent, and you say an average of 40 percent, so you would still be charging the donable surplus program far more than you realize in public sales.

Mr. McNEIL. We have some criteria that we have been developing in the last year for use for ourselves, and we use from zero up to 20 percent for personal property requiring minor repairs to 35 percent which is used for property requiring reconditioning or repair, and 50 percent for unused personal property ready for use in a condition identical with new items delivered by a supplier.

That is a criteria we proposed in developing property values.

Mr. McCORMACK. You do recognize that that amendment, if made into law, would place a tremendous responsibility upon the Department of Health in getting additional appropriations in large amounts to reimburse the Department of Defense. And, if Congress didn't make the appropriations, what effect would that have on the donable property program?

Mr. McNEIL. Somebody has to get the appropriations. We have to get them now.

Mr. McCORMACK. But you can charge it off.

Mr. McNEIL. We have got to go ask for appropriations to replace the capital, if there are \$50 million capital—

Mr. McCORMACK. I know, but you have a clear case. If, as a result of an act of Congress in relation to the donable property you have to get additional appropriations, you have a clear case to go to Congress. But you want now to place it on the Department of Health to get the money for your Department.

Mr. McNEIL. The idea behind that, sir, is on the assumption that they would be running the program for the Federal Government. I was proposing, before this bill was introduced, to ask the Appropriations Committee to establish an account for the Department of Defense, as I said in my opening statement, in order that the capital of these accounts could be kept unimpaired, and at the same time they could have a measure of the degree to which they had been reimbursed for this class material. That is still a possible solution. Instead of being empire builders and wanting to take it over, we assumed that the proper way would be to propose that for Health, Education, and Welfare as being the group in the Federal Government which would manage the donable-property program.

Mr. McCORMACK. Now, a moment ago you and I had a little legal discussion on two different laws. I used to practice law many years ago. I haven't for many years, on account of my public duties. But my recollection of what I learned when I studied law and practiced law might have been somewhat different. But I have a considerable respect for the opinion of Mr. Elliott, the General Counsel of the General Services Administration; don't you?

Mr. LANMAN. I have respect for the opinion of any general counsel.

Mr. McCORMACK. Well, he testified the other day. And I quote:

We feel that under the act as originally passed, particularly with the amendment embodied in 75—

that is the later act—

that the Federal Property Act is paramount to the stock-fund provisions.

Mr. LANMAN. Well, sir, reasonable men differ. And I might offer the fact that the General Accounting Office representative, who is often the arbiter of many of these questions, testified that he felt that our requirement to maintain intact the integrity of the stock fund under 405 was a positive one.

It is true he said that he found no specific requirement that we engage in the donable-property program, or no specific prohibition against engaging in it, but he agreed with me on the basic interpretation of section 405 of the National Security Act, and that was that we are required to maintain intact the integrity of the funds.

We understand, sir, that the Veterans' Administration and the Department of Agriculture have some working capital funds that they are concerned about there, but I do not have any further information on that. But I do understand that they have some concern on this matter.

Mr. WARD. May I answer that, Mr. Chairman?

We have a letter from the Veterans' Administration, saying, in effect, that they think, from the standpoint of accounting, that the stock fund should be maintained, but the returns are so small, around 7 percent, that they offer no objection, they feel apparently it would be better to do it this way.

Mr. MCNEIL. The return is 7 percent in their case?

Mr. LANMAN. In their case it is 7 percent; yes.

Mr. McCORMACK. What is the position of the Department in relation to H. R. 3322?

Mr. MCNEIL. Well, I believe—and you may have inserted it in the record—the submission of comments on the bill still remain the Department of Defense views. They were sent up late last week. I could read it in the record.

Mr. McCORMACK. Without objection, it will be inserted in the record.

(The information referred to is as follows:)

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., February 14, 1955.

Hon. WILLIAM L. DAWSON.

*Chairman, Committee on Government Operations,
House of Representatives.*

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to H. R. 3322, 84th Congress, a bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

This bill would amend section 203 (j) of the Federal Property and Administrative Services Act of 1949, as amended, to specifically provide that property capitalized in working-capital funds determined to be surplus to the needs of the United States may be donated to educational and health institutions when determined to be usable and necessary for education and health purposes by or pursuant to regulations of the Secretary of Health, Education, and Welfare. In addition, for both property capitalized in working-capital funds and all other surplus personal property, the bill would require disposal agencies to obtain the determination of the Department of Health, Education, and Welfare as to each item of surplus personal property to be disposed of whether such an item was usable and necessary for educational or public health purposes.

A full understanding of the effect of this bill on the Department of Defense in regard to property capitalized in working-capital funds would require a complete review of the authority, nature, and purpose of working-capital funds established within the Department pursuant to title IV of the National Security Act of 1947, as amended.

Title IV (Public Law 216, 81st Cong., approved August 10, 1954) [should be August 10, 1949] was enacted into law as a part of the National Security Act and was entitled: "An act to reorganize fiscal management in the National Military Establishment to promote economy and efficiency, and for other purposes." The enactment was an effort to bring a business attitude and business methods to the operation of the vast Military Establishment. Among other things, it provided for performance budgeting, the focusing of attention upon programs in terms of (1) objectives to be attained; (2) cost; and (3) accomplishment; and for the establishment of working-capital funds to enable business-like management of manufacturing activities and inventories.

Working-capital funds authorized pursuant to section 405 of title IV are of two types: industrial funds and stock funds. A stock fund is a type of working-capital fund established to finance the acquisition of and maintenance of materials, supplies, and equipment for sale within a military department to another military department, or to other purchasers as authorized by law. It contemplates the operation of the inventory in a fashion similar to the operation of a privately owned merchandising organization.

In authorizing the creation of working-capital funds for use in financing inventories of stores, supplies, materials, and equipment, the Congress indicated that such funds were to promote the application of commercial practices (see House Armed Services Committee Rept. No. 1064, July 14, 1949, pp. 1 and 2 as follows):

"Among its other provisions are authority for the organization of inventories of the military departments into stock funds, for the operation of industrial, and commercial-type activities as integral working units, in a manner similar to commercial business enterprises, on the basis of an adequate capital structure." * * *

That the stock funds were intended by the Congress to be established on a businesslike basis and commercial practices to be applied to their operations was reiterated by the Senate Armed Services Committee in their report on "Implementation of Title IV of the National Security Act, as amended" dated January 15, 1954, at page 9 as follows:

"ANALYSIS AND FINDINGS

"Title IV authorized the installation of working-capital funds for the financing and control of inventories of common-use items. * * *

"It was the objective of title IV to permit, by the use of working-capital funds, a consolidation of operating and fiscal responsibility under single management, to effect common use of facilities and inventories, to facilitate the implementation of performance budgets and generally to provide a means for *businesslike management and financing of standard stock inventories* * * *." [Italics supplied.]

Further, in this latter report, the committee found that progress in implementation of these concepts was not proceeding as rapidly as desired and the committee recommended as follows:

"Title IV has the endorsement not only of top civilian experts, of former Defense Department officials, but the approval of the present leadership as well. Those officials and commanders who are responsible for budgetary, fiscal, and accounting matters must be made to understand that it is their job to translate this approval into affirmative action."

* * * * *

"We urge the departmental leaders to take immediate aggressive action to effect the installation and operation of title IV machinery, and to establish a system whereby those who are involved in the vital work of comptrollership will be supported and encouraged and their affirmative achievements recognized and rewarded."

Section 405 (c) of title IV provides in part as follows:

"(c) Such funds *shall* be—

"(1) charged, when appropriate, with the cost of stores, supplies, materials, and equipment procured or otherwise acquired, manufactured, repaired, issued, and consumed and of services rendered or work performed, including applicable administrative expenses; and

"(2) *reimbursed* from available appropriations or otherwise credited for the cost of stores, supplies, materials, or equipment furnished and of services rendered or work performed, including applicable administrative expenses." [Italic supplied.]

The provisions of section 405 (c) are mandatory. The fund is required to be charged with the costs of stores, supplies, materials, and equipment procured,

and reimbursed from available appropriations or otherwise credited for cost of stores, supplies, materials or equipment furnished. Congress intended therefore that the fund, once capitalized, remain intact to the extent capable by the application of commercial practices. Additional evidence of this intent is apparent from the provisions of section 405 (g) which provides as follows:

"(g) The Secretary of Defense is authorized to issue regulations to govern the operation of activities and use of inventories authorized by this section, which regulations may, whenever he determines the measures set forth in this subsection to be required by the needs of the Department of Defense, and when such measures are authorized by law, permit stores, supplies, materials, and equipment to be *sold* to, and services to be rendered or work performed for, purchasers or users outside the Department of Defense. In such cases, the working-capital funds involved may be reimbursed by charges against appropriate appropriations or by payments received in cash." [Italic supplied.]

Sales of stores, supplies, material, and equipment to purchasers outside the Department of Defense when authorized by law and consistent with the needs of the Military Establishment may be permitted by regulations governing the operations of the stock fund. When such sales occur the stock fund is authorized to be reimbursed either in cash or by charges against proper appropriations, absent such authority the proceeds would be required to be covered into miscellaneous receipts of the Treasury pursuant to the provisions of Revised Statutes 3617, 3618 (31 U. S. C. 484, 487).

Existing regulations of the Department of Defense governing the operation of stock funds reflect the foregoing principles, (1) the adoption of a business attitude and business methods to the operation of the Military Establishment; (2) the perpetuation of the working capital of a stock fund by requiring reimbursement for all supplies, stores, material, and equipment, in a manner consistent with sound business principles and practices, and under the provisions of the statute and the clear mandate of the congressional intent as evidenced above, there is no basis for them to provide otherwise. The requirement that these stocks must be sold and not given away free provides a real incentive to disposal of such stocks since the monetary return may be used by the stock-fund manager to buy materials needed for current replenishments. The incentive provided by this reimbursement policy is a force in supply management for better balancing of stocks. The stock-fund manager thus must account for all changes in inventories from the time of receipt until reimbursed on issue or sale in the same manner as a manager of a business.

Nor is it believed that these principles are irreconcilable with the provisions of the Federal Property and Administrative Services Act of 1949, as amended, since under subsection 203 (j) (1), the power to effect donations was by Congress made discretionary in the Administrator of the General Services Administration apparently for the purpose of protecting the Government's interest with respect to this property where appropriate. This is evidenced by the following statement in House Report 670, 81st Congress, Committee on Expenditures in the Executive Departments of the Federal Property and Administrative Services Act of 1949:

"As most of the objectives of the Surplus Property Act of 1944, as amended, have largely been attained, the bill, in harmony with existing law, dispenses with all priorities and preferences on personal property. The committee believes, however, that from time to time, there will become surplus to the Government, books, equipment, or other supplies, *the sale of which would realize little monetary return* but which would be usable by and of great benefit to our schools and colleges. The bill therefore authorizes the Administrator, in his *discretion*, to donate such surplus property for educational purposes upon the recommendation of the Federal Security Administrator." [Italics supplied.]

Paragraph 12 (a) of the Department of Defense regulations governing the operations of stock funds now provides as follows:

"(a) Excess property of a stock fund shall be disposed of in accordance with established regulations issued by competent authority. However, as a general rule it will be expected that no property shall be transferred without consideration to any other Government agency, including another military department, but the consideration may be less than the standard price of the material. If less, the consideration for such transfer should be based upon the fair value of such property, including packing, handling, and transportation charges as agreed between buyer and seller."

To assist in the donation program, substantial quantities of surplus material have been donated by the stock fund the sale of which would realize no substantial return to the fund after payment of estimated cost of preparation for sale,

handling, and selling such property. An examination of our records indicates that the reported amount (at acquisition cost) of \$60.7 million of donated surplus material in fiscal year 1954 shows an upward trend in each quarter:

	<i>Million</i>
1st quarter-----	\$11.5
2d quarter-----	12.1
3d quarter-----	17.9
4th quarter-----	19.2

This trend continued in the first quarter of fiscal year 1955 in which \$29.4 million of surplus material was donated. It would appear that the Department of Defense policy with respect to stock-fund material is not having the harmful effect on the availability of surplus property for the donation program as has been contended.

It should also be understood that only property required to be included in stock funds under the National Security Act is subject to this regulation. That is, items of supply used in the day-to-day maintenance and operation of the forces, such as subsistence supplies, general supplies, clothing, fuel and lubricants, lumber, paint, and medical and dental supplies, etc. Insofar as any other property is concerned at this time no such requirements exist. Additionally, it should be noted that in subsection 204 (b) of the Federal Property and Administrative Services Act of 1949 provision is made to protect the integrity of all Government working-capital funds by authorizing the return to such funds of all proceeds from the sale of property financed by such funds.

It is neither the desire nor the purpose of the Department of Defense to in anyway interfere with the exercise of the discretion of the Administrator of the General Services Administration with respect to the authority to be exercised under this act. It is our view, however, that the principles advocated by the Comptroller General and the views submitted by the Bureau of the Budget during hearings before your Committee on Donable Surplus Property Program should be adhered to. At that time representatives of the General Accounting Office stated in part as follows:

"We think as a basic control that property should be disposed of by sale rather than by donation, consideration to be arrived at with some relation to the acquisition cost, or some other logical basis; in other words a reasonable percentage to be charged, that we no longer should allow discounts of 100 percent of value."

Members of the committee also recognized the necessity for the application of businesslike administration of the property holdings of the Government during the course of these hearings.

The Department of Defense firmly supports the intent expressed by the Congress at the time of the enactment of the National Security Act Amendments of 1949 in the Senate report on the bill (S. Rept. 366, 81st Cong.):

"The multiplicity of sources from which operational funds are now derived makes it practically impossible, in activities of any magnitude, to estimate in advance with any reasonable degree of certainty the cost of performance or operation of an identifiable activity or program. These difficulties prevent accurate and reliable cost accounting and thus deprive budget planners and the Congress of any real guide to the costs of project or budget programs. * * * [This legislation] is intended to eliminate these difficulties by financing each identifiable project or budget program from a single source, thus clearly fixing management responsibility, simplifying reporting, and permitting departmental management and the Congress more easily to determine costs and to evaluate progress and accomplishment. Its effect is to make the budget structure parallel the management structure. Thus the cost of performance of functions and activities will be reflected clearly * * *." [Italic supplied.]

This concept had the unanimous support of the Comptroller General, the Bureau of the Budget, as well as other authorities within and outside the Federal Government, and it is the view of the Department of Defense that these principles are sound.

Furthermore, as noted above, the bill would require the Department of Defense, among other Federal agencies, prior to the disposal of any item of surplus property, to obtain the determination of the Department of Health, Education, and Welfare that such item is or is not properly usable and necessary for educational or public health purposes. The effect of this provision would be to force upon the Department of Defense unnecessary delay and increased costs in carrying out its surplus property disposal programs. The time factor alone would result in the stagnation of our disposal processes.

The present procedures established by the regulations of the General Services Administrator provide for adequate Department of Health, Education, and Welfare review of surplus personal property for possible donation. The Department of Health, Education, and Welfare receives listing of the most desirable surplus property (as reported to the General Services Administration) and has the opportunity prior to its being released for sale to identify that property, for which there is no other Federal agency requirement, which would be suitable for donation. The Department of Health, Education, and Welfare also has the opportunity to select for donation surplus personal property at camps, posts, and bases prior to its being advertised for sale. The latter constitutes 70 percent of all surplus property and is not reported to the General Services Administration for central screening under present regulations of that Administration.

Under present procedures there is a practical time limit when screening for utilization or donation of surplus personal property ceases, after which the property may be sold. Under the proposed bill, the Department of Health, Education, and Welfare would have unlimited authority on the time to be taken for screening surplus property against potential donation requirements, irrespective of the present authority in the General Services Administration not only to establish reasonable time limitations on screening but also to determine the classes of property which require more selective screening.

As a consequence, such authority vested in the Department of Health, Education, and Welfare to screen indefinitely could result in prohibitive costs to the Department of Defense incident to storing and maintaining the unneeded property and could seriously slow up the entire Department of Defense surplus property disposal programs.

From the foregoing therefore, it would appear that the Department of Defense has no opposition to a program which would provide for the most effective utilization whether by educational or health institutions, or property surplus to the needs of the Federal Government and no such position is intended to be expressed. We, therefore, recommend that if the bill is considered favorably by your committee, that the following amendments be made thereto:

After line 17, page 3, insert the following:

"Appropriations or funds of the Department of Health, Education, and Welfare shall be available for reimbursement to the Department of Defense for the value, as determined pursuant to regulations of the Secretary of Defense, of property donated pursuant to section 203 (j) (1) of this Act."

This amendment would, in the opinion of the Department of Defense:

(1) Permit the continuation of a businesslike administration of the supply function as envisioned by the enactment of title IV of the National Security Act of 1947, as amended.

(2) Make it incumbent upon the Department of Health, Education, and Welfare to firmly determine that such property was actually needed by the health and educational institutions and in the quantities requested since their appropriation is involved.

(3) Provide Congress with a means of review, revision, and control of the amounts of such property being distributed to health, educational, and welfare institutions.

The second suggested amend is as follows:

Amend line 9, page 1, to read:

"* * * until it has been made available under regulations prescribed by the Administrator for determination whether such property * * *."

The Bureau of the Budget has advised that there is no objection to the submission of this report to the Congress but that this is not to be construed as advice on the relationship of H. R. 3322 to the program of the President.

Sincerely yours,

RICHARD A. BUDDEKE,
Director, Legislative Programs.

Mr. McNEIL. Then, Mr. Keogh, from the Office of the Assistant Secretary of Supply, has certain views which I believe would be helpful on the disposal phase of the problem.

Mr. McCORMACK. Are there any other questions of Mr. McNeil?

We have got to be over on the floor, and we will have to continue the hearing. We will adjourn to Monday at 10 o'clock.

(Whereupon, at 12:05 p. m., the subcommittee adjourned, to reconvene on Monday, February 21, 1955, at 10 a. m.)

UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES

MONDAY, FEBRUARY 21, 1955

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON DONABLE PROPERTY
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m., in room 1501, New House Office Building, Representative John W. McCormack presiding.

Subcommittee members present: Representatives John W. McCormack (chairman), John E. Moss, Jr., and Charles R. Jonas.

Also present: Ray Ward, staff director, Special Subcommittee on Donable Property.

Mr. McCORMACK. The subcommittee will be in order.

I see our distinguished colleague, Congressman Bennett, of Florida, present. We will be very glad to hear from you, because we know you are busy.

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. BENNETT. Mr. Chairman, I appreciate this opportunity to express my views in favor of H. R. 3322. It is my understanding that this bill is needed to remove ambiguities as to disposition of surplus property which have recently been created by administrative interpretations of the surplus property laws. The bill reaffirms the intent of Congress that surplus property be made available for educational and public-health purposes where needed for such purposes, rather than being sold on terms which are necessarily unfavorable. In addition, it improves procedures for carrying out the intent of Congress that these activities shall have the benefit of Federal surplus property.

My mail shows that there is considerable sentiment in Florida in favor of the enactment of this bill, and I certainly hope it will be enacted.

Thank you again for the privilege of appearing on behalf of this proposal.

At this time, I would like to submit an outstanding letter which I feel should be made a part of the record. It is from Mr. E. O. Rolland, assistant director of the Florida State Improvement Commission. As a matter of fact, it is addressed to the Honorable John W. McCormack, the chairman of this subcommittee. I ask that it be made a part of the record.

Mr. McCORMACK. Without objection, that is in order. Mr. Rolland has been around here. He has been in Washington. I might say he called me from Florida before he came here. You should be proud of the vigilant manner in which he protects the interests of Florida. That also applies to you.

Mr. BENNETT. Thank you very much.

Mr. McCORMACK. That will be made a part of the record at this point.

(Letter, dated February 15, 1955, is as follows:)

FLORIDA STATE IMPROVEMENT COMMISSION,
Tallahassee, February 15, 1955.

Hon. JOHN W. McCORMACK,
*Chairman, Special Subcommittee on Donable Property,
House Committee on Government Operations, Washington, D. C.*

DEAR CONGRESSMAN McCORMACK: Florida does not measure the benefits of the surplus property donation program to the educational and public-health institutions in terms of dollars. The tremendous demands placed on these institutions by the rapidly increasing population can be met only through personal sacrifice and the exercise of every measure of economic savings.

First week school enrollment this year showed an increase of 10.5 percent over the figures of the 1953-54 school year. The average daily attendance is up 8.83 percent over the first 2 months of 1953-54. The largest county increase is 18.04 percent with 12 of 67 counties having an increase over 10 percent and 39 counties with an increase of over 5 percent. Schools are under construction totaling over \$30 million. There are projects totaling over \$40 million in various stages of planning.

The State of Florida has released \$69 million since January 1 for other school construction. In the next 8 months \$30 million more will be released for additional construction. It is estimated that there is a present need, over and above all these projects, for \$200 million additional in school facilities.

Since 1947, general hospital facilities have been constructed providing 7,695 additional hospital beds. Of this number 3,286 were provided with assistance under the Hill-Burton program. In 1947 the percentage of general bed needs met was 65.2 percent. The present percentage of general bed needs met is 68.9 percent, or a net gain of 3.7 percent in the past 8 years.

In 1947 there were 24 of 67 counties with no acceptable hospital facility. This has been reduced to 19 counties. We have 12 health centers with 21 auxiliary facilities and should have for adequate needs no less than 26 health centers and 147 auxiliary facilities.

The people of Florida are grateful for the many expressions of congressional understanding, concern, and assistance in the evergrowing need for educational and health opportunities. Donated Federal surplus has been a tremendous factor in assisting the institutions in meeting the impact of these growing demands.

It has been gratifying to see new and improved educational and health facilities made available as a direct or indirect result of a program for which you are administratively responsible. The improvement commission as the Florida State agency for surplus property has had this privilege. The Members of Congress should take great pride in having made these improved opportunities possible. We are humbly grateful, and request your favorable consideration of H. R. 3322.

The provisions of this bill will make a real contribution to the enrichment of the educational and health institutions of our great Nation.

Sincerely yours,

E. O. ROLLAND, *Assistant Director.*

Mr. McCORMACK. I might add that we received a very fine telegram from Governor Collins on the passage of H. R. 3322.

Mr. BENNETT. I certainly hope it goes through.

Mr. McCORMACK. Thank you, Congressman Bennett.

Mr. BENNETT. Thank you.

Mr. WARD. Mr. Chairman, Representative Burnside has sent a statement that he would like to have made a part of the record. I understand that Mr. Burnside is called out of town.

Mr. McCORMACK. Without objection, that statement of Congressman Burnside will be inserted into the record at this point.

STATEMENT OF HON. M. G. BURNSIDE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. Chairman, it had been my plan to appear before your subcommittee on Monday, February 21, to make a short statement supporting H. R. 3322 and H. R. 4049, which I have introduced for identical purposes.

Circumstances beyond my control make it impossible for me to appear before you, and accordingly, I ask the special privilege to have this letter read at the Monday session.

You will recall that I was a member of the Expenditures Committee when it held hearings on the bill that became the Federal Property and Administrative Services Act of 1949. Later I was one of the members appointed as a conferee to work out agreement between the Houses on the few points of difference in their respective bills.

In view of this background, I am familiar with the intent of Congress with respect to the donable program. I desire to make this point clear in view of some erroneous impressions circulated with respect to the intent of Public Law 152, as amended by Public Law 754, a little over a year later.

You will recall that the Surplus Property Act of 1944 contained provision for the donation of property to many classes of recipients and it also made provision for special benefits to numerous groups. The cost of administration of this statute eventually became prohibitive. By 1948 it was evident that returns from the sale of the property, because of the costly administration, approximated the cost of the sales.

On March 5, 1948 (see Document No. 558, 80th Cong., 2d sess.), President Truman, in a message to the Congress, stated:

"* * * Furthermore, disposal costs are held at high levels by the rigid priority and preference provisions of the present law. Unless the law is changed, we will soon reach the point at which it will cost the Government more to dispose of these goods than it receives from their sale. We should therefore simplify the disposal procedure and make possible reduced costs by providing for the elimination of these cumbersome provisions when the remaining quantities of this property are no longer of sufficient size to justify their maintenance. * * *

The President recommended the liquidation of the War Asset Administration and the creation of a Federal Property Management Agency to handle surplus property and to provide for an economic property management system for the Federal Government. It was the President's opinion that the obligation to schools, veterans, States, and other groups had been largely fulfilled and that the contemplated law should not make provision for a continuous program of donations. It should be noted that the Expenditures Committee of the Senate reported a bill on "the Federal Property Act of 1948," (Rept. No. 1413 80th Cong., 2d sess.), on May 26, 1948. This bill, in section 103 (h), contained a subsection as follows:

"* * * (h) *Abandonment or donation of property.*—This subsection authorizes the abandonment, destruction, or donation to public bodies, of property having no commercial value, or the estimated cost of care and handling of which would exceed the estimated proceeds from its sale."

This was the only provision for donation in the first bill.

When the House considered the matter, however, it was apparent that educational institutions were still very much in need of surplus property. Therefore, under your wise leadership, and supported by myself and many others, provision was made to continue the donable program for both real and personal property to educational institutions. The bill also provided for the donation of real property for public health purposes. The final report (No. 670, 81st Cong., 1st sess.) of the House, by the able chairman of the Expenditures Committee, Mr. Dawson, contains language which is clear and unambiguous as to the intention of Congress to continue the donable program. The analysis of the bill, as contained in the report, is also abundantly clear. If this were not sufficient evidence, I call your attention to the fact that Public Law 754 was enacted on September 5, 1950, over a year later and after reconsideration. The donable program was extended so that public health institutions became donees for personal property as well as for real property.

I consider it misleading for those who seem to oppose H. R. 3322 to refer to early statements, which emanated largely from the executive branch, to the effect that only property of no commercial value or property where the cost of care and handling might be prohibitive would be eligible for donation for educational and health purposes. The Congress, which is much closer to the people than the executive branch, was aware of critical conditions in the schools and hospitals in the country, and, in my opinion wisely, inserted section 203 (j) and (k) into the Federal Property and Administrative Services Act.

Mr. Chairman, the crisis which existed in 1948 in education and public health has been increasing by leaps and bounds, fed by our swelling population and our failure to keep construction up to current requirements.

In my own State, West Virginia, the crisis in education is particularly acute and is, of course, aggravated by the depressed economic situation in many of our industries. The continuation of the donable program in my State is not only desirable but it is, in my opinion, a necessity. I cannot imagine a responsible executive agency taking the position that it is "good business" to sell useful and needed items at a few cents on the dollar when our beleaguered educational and public health institutions can get 100 percent value from them.

I wish to congratulate you for devoting your time and energy to this program which is of such importance to the welfare of the people of our country.

Mr. McCORMACK. Without objection, a letter received by Congressman Moss from S. W. Patterson, assistant division chief, special schools and services, of the Department of Education of the State of California, will be inserted in the record at this point.

(The letter referred to is as follows:)

STATE OF CALIFORNIA,
DEPARTMENT OF EDUCATION,
DIVISION OF SPECIAL SCHOOLS AND SERVICES,
February 17, 1955.

Re H. R. 3322.

Hon. JOHN E. MOSS,

*House Office Building, House of Representatives,
Washington 25, D. C.*

DEAR CONGRESSMAN MOSS: The program of the California State residential schools for the deaf, blind, and cerebral-palsied children has been greatly benefited through the utilization of surplus property made available to our schools through provisions of Public Law 152.

The taxpayers of our State have been saved many thousands of dollars by the present program and, even more important, the State has been in a position to provide a program for these groups of children that would not have been possible without the property received. For example, we have been able to institute a program in driver education of deaf students by securing a donated vehicle; we have been able to improve our vocational instruction program in printing, baking, cabinetmaking, etc., which will greatly assist the students to become economically independent upon graduation from our schools.

While the utilization of property in our programs has been small in terms of the benefit to the day class public school children of the State, nevertheless we are certain that the results of our participation in the donation program will result in a much higher level of educational and vocational achievement of our students.

We therefore urge that you vigorously support this legislation when it comes before you for consideration.

Respectfully,

S. W. PATTERSON,
*Assistant Division Chief,
Special Schools and Services.*

Mr. McCORMACK. As previously stated, we have had permission to insert in the record the list of the names of many persons and organizations that have written to us.

(See list, appendix IV, at end of this hearing for list of persons and organizations. Other letters and telegrams appear in full, as follows:)

COMMONWEALTH OF PENNSYLVANIA,
GOVERNOR'S OFFICE,
Harrisburg, February 17, 1955.

Hon. JOHN W. McCORMACK,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN McCORMACK: Let me thank you for your invitation to testify before your special subcommittee on the question of possible repeal of the amendment concerning the sale of surplus Government property.

Our secretary of administration was prepared to meet with your subcommittee, but was advised that the hearings had been postponed. Consequently, I should like to present the written statement which follows:

In Pennsylvania not only the public-school system but 40 hospitals and more than 100 State-owned and State-approved schools have participated in the Federal surplus-property utilization program. In 1952 we distributed property with a value of \$1,439,987; in 1953, \$1,298,730; and in 1954, \$1,106,397.

We have been in communication with a number of institutions to consult their desires in connection with this possible repeal, and we can report that there is the strongest feeling among our institutional managers that the Government should revert to the policy of direct donation. We are informed by several of these agencies that the Government realizes only 7 or 8 percent of the base value when it sells. It is our feeling that this small gain to the Federal Government could be foregone in the interests of placing these materials in the hands of agencies serving the public rather than in the hands of commercial enterprisers; also, the dispersed locations of the auctions make it most difficult for our institutions to have representatives present to make bids.

Let me assure you that if you decide to resume hearings, we shall be only too pleased to send down our secretary of administration to present our point of view orally.

Sincerely yours,

GEORGE M. LEADER.

HOUSE OF REPRESENTATIVES,
Washington, D. C., February 17, 1955.

The Honorable JOHN W. McCORMACK,
*Committee on Government Operations,
House Office Building, Washington 25, D. C.*

DEAR MR. McCORMACK: With further reference to my letter of February 14 regarding the desire of the State of Nevada to have H. R. 3322 broadened to include all government departments in the State, I am enclosing copies of two telegrams I have received from State officials regarding this matter.

I shall appreciate any consideration your subcommittee gives this proposal.

Sincerely,

CLIFTON YOUNG, *Member of Congress.*

FEBRUARY 17, 1955.

Congressman CLIFTON YOUNG,
House Office Building, Washington, D. C.:

Would appreciate your best efforts to secure changes in H. R. 3322 and S. 1004 relative surplus property disposal to make this equipment available to this and other governmental departments there is much material now being disposed of at little return to Government which would be usable to State and local governments used jeeps, aerial cameras, tools, et cetera, would be adequate for our use whereas new purchase is prohibitive.

FRANK W. GROVES,
Director, Nevada Fish and Game Commission.

FEBRUARY 14, 1955.

CLIFTON YOUNG,
*Member of Congress,
House Office Building, Washington, D. C.:*

H. R. 3322 now in committee in present form eliminates our department from participating in donorable surplus program. Many items made available that we

could use if eligible. Please intercede so that we can participate in program if possible.

LEWIS D. FERRARI,
State Forester Fire Warden.

FEBRUARY 16, 1955.

HON. WILLIAM L. DAWSON,
*Chairman, Government Operations Committee,
House of Representatives, Washington, D. C.*

MY DEAR COLLEAGUE: This has reference to H. R. 3322 which is before your special subcommittee.

Many institutions in New Jersey have derived considerable benefit through the surplus donation program. It is pointed out that the surplus goods were originally paid for by the taxpayers who must support the institutions which are the beneficiaries of the donation program.

It seems to me the greatest good can be realized by continuing the donation program. May I respectfully urge prompt and sympathetic consideration of H. R. 3322 by your committee.

With kindest personal regards and best wishes, I am
Sincerely yours,

HUGH J. ADDONIZIO,
Member of Congress.

MONTGOMERY, ALA., February 14, 1955.

HON. JOHN W. MCCORMACK,
*Chairman, Special Subcommittee Donable Property,
Member of Congress, Washington, D. C.:*

Gov. James E. Folsom and State Superintendent of Education Austin Meadows urge Congress to provide for the different branches of the armed services and defense agencies to donate property not needed by such services and agencies to public schools, colleges and hospitals to help meet the emergency critical needs in such institutions. The original donation program of the armed services and defense agencies has been very helpful here in Alabama and should be reinstated to the extent possible.

AUSTIN R. MEADOWS, *State Superintendent of Education.*

STATE DEPARTMENT OF EDUCATION,
Atlanta 3, Ga., February 15, 1955.

HON. JOHN W. MCCORMACK,
*House of Representatives,
Washington, D. C.*

DEAR SIR: As director of the Georgia Agency for Surplus Properties, under the Federal Property and Administrative Services Act of 1949-50, I am greatly concerned with the future of the program and am watching with great interest the progress being made in this session of Congress, on bill H. R. 3322 which you are sponsoring.

Through this program the schools and hospitals of this State have received benefits far beyond their expectations. Surplus properties acquired have enabled them to do a much better job in teaching and preparing the youth of our Nation. However, through the Armed Services Stock Fund Sale Directive 7420.1, much good property is being sold which our institutions desperately need. These properties are being sold at a very small rate which, in some instances, I am told, does not cover the cost of the sales.

For your information, I am enclosing herewith a few lists of good properties which were sold at the Atlanta General Depot. These are just samples of the sales that are being conducted there weekly. All of them contain good items of properties which could be used in both schools and hospitals.

Again thanking you for your interest toward health and education in sponsoring this piece of legislation, I am

Sincerely yours,

A. W. BLACKBURN,
Director, Georgia State Agency for War Surplus Properties.

STANDARD FORM 114

AUGUST 1950

PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE

CONTRACT NO

DA(s)-09-030-Qi-

INVITATION NO.

09-030-S-55-10

DATE OF INVITATION

4 October 1954

PAGE NO. NUMBER OF PAGES

1 16

ISSUED BY

Salvage Branch, Atlanta General Depot, U.S. Army

ADDRESS

Atlanta, Georgia

INVITATION

Sealed bids, in One Copy Only subject to the General Sale Terms and Conditions on the reverse hereof, and any special conditions, set forth herein, will be received at Salvage Branch, Hqso. 305-B, Atlanta General Depot until 1:30 o'clock P.m., 19 October 1954 for purchase and removal of Government-owned property listed below and on continuation sheets numbered pages 3 thru 16

PLACE WHERE BIDS WILL BE PUBLICLY OPENED

Salvage Branch, Hqso. 305-B, Atlanta Gen Depot, US Army

TIME

1:30 PM

DATE OF BID OPENING

19 October 1954

NAME

CHARLES E. GOOLSEY, Major, QMC

TITLE

Property Disposal Officer

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
					DOLLARS	CENTS
	This sale of Quartermaster Stock Fund Property made under the exchange provisions of Section 201 C, Public Law 152, 81st Congress					
	Special Conditions "A" through "P" inclusive (Pages 3, 4, and 5) are added to subject invitation and make a part thereof.					
	*Diddor Reproquito Clause superseded. See Condition "P", Page 4					
	NOTE: All quantities and weights indicated on items 1 thru 35, as listed on this invitation are approximately only.					
	CAUTION: INSPECT THE PROPERTY					

The property described herein may be inspected between the hours of 8:30 AM-12:30 PM and 1:30 to 3:30 P.m. on Mondays thru Fridays, excluding holidays, 5 thru 18 October 1954, by contacting CHARLES E. GOOLSEY, Major, QMC, Property Disposal Officer

A bid deposit of 20% percent of the total amount bid, in the form of postal or express money order, or cashier's or certified check, or such other form of security as may be acceptable to the contracting officer, made payable to the Treasurer of the United States, must accompany the bid.

Property must be removed by the successful bidder within 10 calendar days after notice of award, unless otherwise specified in the description or in any special condition, time to be computed from the date of mailing or otherwise furnishing said notice.

BID

DATE OF BID

In compliance with the above invitation, and subject to all the General Sale Terms and Conditions and any special conditions, the undersigned offers and agrees, if this bid be accepted within XX calendar days (60 calendar days if no period be specified by the bidder) after date of the opening, to purchase any or all of the items described herein upon which prices are quoted, at the price set opposite each item. Bid deposit in the amount of \$ is enclosed.

(Faint, mostly illegible text block, likely a signature or stamp area)

NAME AND ADDRESS OF BIDDER (Street and number, city and State)

SIGNATURE OF PERSON AUTHORIZED TO SIGN THIS BID

TITLE

ACCEPTANCE BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA

DATE OF ACCEPTANCE

ACCEPTED AS TO ITEMS NUMBERED

See Attached List

TITLE OF CONTRACTING OFFICER

Property Disposal Officer

SIGNATURE OF CONTRACTING OFFICER

CHARLES E. GOOLSEY, Major, QMC

STANDARD FORM 114
AUGUST 1950 EDITION

GENERAL SALE TERMS AND CONDITIONS

1. **INSPECTION.**—Bidders are invited and urged to inspect the property to be sold prior to submitting bids. Property will be available for inspection at the places and times specified in the Invitation. The Government will not be obliged to furnish any labor for such purpose. In no case will failure to inspect constitute grounds for a claim or for the withdrawal of a bid after opening.

2. **CONDITION OF PROPERTY.**—All property listed herein is offered for sale "as is" and "where is," and without recourse against the Government. If it is provided herein that the Government shall load, then "where is" means f. o. b. conveyance at the point specified in the Invitation. The description is based on the best available information, but the Government makes no warranty, warranty, or representation, expressed or implied, as to quantity, kind, character, quality, weight, size, or description of any of the property, or its fitness for any use or purpose, and no claim will be considered for allowance or adjustment or for rescission of the sale based upon failure of the property to correspond with the standard expected; this is not a sale by sample.

3. **CONSIDERATION OF BIDS.**—The Government reserves the right to reject any or all bids, to waive any technical defects in bids, and, unless otherwise specified by the Government or by the bidder, to accept any one item or group of items in the bid, as may be in the best interest of the Government. Unless otherwise specified, bids must be submitted on the basis of the unit specified for the item in the Invitation, and bids may be submitted on any or all items. In case of error in the extension of prices in the bid, the unit prices will govern.

4. **BID GUARANTEE.**—The bidder agrees that (1) the bid will not be withdrawn within the time specified for acceptance after the opening of bids (60 calendar days if no period is specified by the bidder), and will during that time remain firm and irrevocable, and that (2) the bidder will pay to the Government the purchase price of the property in accordance with the bid if accepted. If a bid deposit is required, the bid must be accompanied by said bid deposit. In the event of any default by the bidder or any failure by the bidder to comply with all terms and conditions of this contract, any deposit made by the bidder may be applied by the Government to any loss, cost, and expense occasioned to the Government thereby, including any loss, cost, and expense incurred in selling the property and including any difference between the amount specified in the bid and the amount for which the Government may sell the property. If the latter amount be less than the former. Deposits accompanying bids which are not accepted will be returned. Deposits of successful bidders may be applied against the contract price, and upon completion of the contract, any excess of the deposit will be returned to the bidder.

5. **PAYMENT.**—Payment of the balance of the purchase price, if a deposit has been made, or otherwise of the full purchase price, shall be made by cash, or by certified check, cashier's check, bank draft, postal or express money order, payable to the Treasurer of the United States. Unless otherwise specified by the Government, payment of the full purchase price, subject to any adjustment for variation in quantity or weight pursuant to Condition No. 8, must be made prior to the date specified for removal and prior to delivery of any property. If any such adjustment is necessary, then payment must be completed, unless otherwise specified by the Government, immediately subsequent to adjustment. If the successful bidder fails to make full and final payment as herein provided, the Government reserves the right, upon written notice to the successful bidder, to sell or otherwise dispose of any or all of such property in the Government's possession and to charge the loss, if any, to the account of the defaulting bidder. The original Purchaser will in no way be released from full compliance with the terms and conditions of the sale by his resale of the property.

6. **TITLE.**—Title to the items of property sold hereunder shall vest in the Purchaser as and when full and final payment is made, unless otherwise specified by the Government, and except that if the contract provides that loading will be performed by the Government, title shall not vest until such loading and such payment are completed. On all motor vehicles and motor-propelled or motor-drawn equipment requiring licensing, a certificate of release, Standard Form 97 (or a State certificate of title, if such a certificate of title has been issued to the Government), will be furnished for each such vehicle and piece of equipment.

7. **DELIVERY AND REMOVAL OF PROPERTY.**—The Purchaser shall be entitled to obtain the property upon vesting of title of the property in him, unless otherwise specified in the Invitation to Bid. Delivery shall be at the designated location, and the Purchaser shall remove the property at his expense. The Purchaser shall reimburse the Government for any damage to Government property caused by the removal operations of the Purchaser. If the Purchaser fails to remove the property within the specified time, the Government shall have the right to charge the Purchaser and collect upon demand a reasonable storage charge if the property is stored on premises owned or controlled by the Government, or store the property elsewhere for the Purchaser's account, and all costs incident to such storing, including handling and moving charges, shall be borne and paid by the Purchaser; in addition to the foregoing rights, the Government may, after the expiration of thirty (30) days after the date specified for removal, and upon ten (10) days' written notice (calculated from the date of mailing) to the Purchaser (which ten (10) days' written notice may, at the option of the

contracting officer, be included either partly or wholly in the thirty (30) days specified above or may be in addition thereto), resell the property, applying the proceeds therefrom against the storage and any other costs incurred for Purchaser's account. Any details regarding removal of the property as may not be provided for herein, shall be arranged with the contracting officer, which arrangement shall be reduced to writing.

8. **ADJUSTMENT FOR VARIATION IN QUANTITY OR WEIGHT.**—Any variation between the quantity or weight listed for any item and the quantity or weight of such item tendered or delivered to the Purchaser will be adjusted on the basis of the unit price quoted for such item; but no adjustment for such variation will be made where an award is made on a "price for the lot" basis.

9. **WEIGHING.**—Where weighing is necessary to determine price hereunder, the Purchaser, unless otherwise provided, shall arrange for, and pay all expenses of weighing material, including all switching charges incurred. In case of removal by truck, weighing shall be under the supervision of the Government and, at its option, on (a) Government scales, or (b) certified scales in the vicinity of the location of the property, or (c) certified scales in the vicinity of the Purchaser's establishment, or (d) other scales acceptable to both parties. When removal is by rail, weighing shall be on railroad track scales, or by other means acceptable to the railroad for freight charge purposes. Government-approved weighing shall govern payment.

10. **RISK OF LOSS.**—(1) After mailing notice of award, and prior to passage of title to the Purchaser, the Government will be responsible for the care and protection of the property and any loss, damage, or destruction occurring during such period will be adjusted by the contracting officer. (2) After passage of title to the Purchaser, and prior to the date specified for removal, the Government's responsibility will be limited to the exercise of reasonable care for the protection of the property. (3) After the date specified for removal of the property, all risk of loss, damage, or destruction from any cause whatsoever shall be borne by the Purchaser.

11. **LIMITATION ON GOVERNMENT'S LIABILITY.**—In any case where liability of the Government to the Purchaser has been established, the extreme measure of the Government's liability shall not, in any event, exceed refund of the purchase price or such portion thereof as the Government may have received.

12. **VERBAL MODIFICATIONS.**—Any oral statement by any representative of the Government, modifying or changing any conditions of this contract, is an expression of opinion only and confers no right upon the Purchaser.

13. **COVENANT AGAINST CONTINGENT FEES.**—Purchaser warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Purchaser for the purpose of doing business. For breach of this warranty, the Government shall have the right to annul this contract without liability or at its option, to recover from the Purchaser the amount of such commission, percentage, brokerage, or contingent fee, in addition to the consideration herein set forth.

14. **OFFICIALS NOT TO BENEFIT.**—No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, unless it be made with a corporation for its general benefit.

15. **DISPUTES.**—Except as otherwise specifically provided in this contract, all questions of fact involved in disputes arising under this contract shall be decided by the contracting officer, whose decision upon said facts shall be final and conclusive upon the parties, subject to written appeal by the Purchaser within thirty (30) days to the head of the department or his duly authorized representative, whose decision on said facts shall be final and conclusive upon the parties hereto. In the meantime, the Purchaser shall diligently proceed with performance.

16. **DEFINITIONS.**—(a) The term "head of the department" as used herein shall mean the head or any assistant head of the executive department or independent establishment involved, and the term "his duly authorized representative" shall mean any person or persons, other than the contracting officer, authorized to act for him, or any board set up in accordance with regulations.

(b) The term "contracting officer" as used herein shall include his duly appointed successor and his duly authorized representative.

INSTRUCTIONS TO BIDDERS

Envelopes containing bids must be sealed and marked in the upper left-hand corner with the name and address of the bidder, identification of the invitation, and the date and hour of opening.

Bids should be filled out in ink, indelible pencil, or typewriter.

Bidder must show total amount bid on last sheet on which a bid is entered.

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 3	CONTRACT NO. DL(s)-09-030-Q1- INVITATION NO. 09-030-s-55-10	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	PRICE BID PER UNIT	TOTAL PRICE BID	
					DOLLARS	CENTS
	<p>SPECIAL CONDITIONS:</p> <p>A. The bidder certifies that he is not an official or employee of the Department of the Army, officer, enlisted man, civilian employee of the Army Exchange Service, Army Exchanges, the U.S. Army Motion Picture Service or civilian employee of the Army.</p> <p>B. The purchaser or bidder agrees to save the Government harmless from any and all claims, demands, actions, debts, liabilities, judgments, costs, and attorneys fees arising out of, claimed on account of, or in any manner predicated upon loss of or damage to property of and injuries to or the death of any and all persons whatsoever, in any manner caused or contributed to by purchaser or bidder, their agents, servants, or employees while in, upon or about the military reservation on which the property sold or offered for sale is located; or while going to or departing from the same; and to save the Government harmless from and on account of damages of any kind which Government may suffer as the result of the acts of any of the purchaser's agents, servants, or employees in or about said military reservation.</p> <p>C. All property not removed within ten (10) days from the date of award will be subject to a storage charge (See General Sale Terms and Conditions, Condition 7, Page 2 of Contract) and such charge will be paid prior to removal of property. Storage charge will be computed on the following basis:</p> <p>For each of the first five (5) days or fraction thereof, including Saturdays, Sundays, and legal holidays, one and three-fourths (1-3/4) cents per hundred (100) pounds or fraction thereof. For the sixth day and each succeeding day or fraction thereof, including Saturdays, Sundays, and legal holidays three and one-half (3-1/2) cents per hundred (100) pounds or fraction thereof. (Excerpt from Central State Motor Freight Bureau, Motor Freight Tariff No. 224-A, Item 350 (G), Page 58). There will be no further communication from the Property Disposal Officer prior to beginning of storage charges at the above rates. Charges for items stored outdoors will be reduced (50%) fifty per cent.</p> <p>D. This property has been screened against the known defense requirements of the Federal Government and is surplus to all known requirements of the Federal Government.</p> <p>E. The bidder warrants that he (it) has no interest, direct or indirect in any other bid submitted in response to this invitation. If it should be determined that the bidder has such an interest, then his (its) bid, together with such other bid or bids shall be rejected.</p>					
CAUTION: INSPECT THE PROPERTY		NAME OF BIDDER				
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER						

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 4	CONTRACT NO. DA(s)-C9-030-QI- INVITATION NO. 09-030-s-55-10	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p>SPECIAL CONDITIONS:</p> <p>F. The United States Criminal Code (18 USC 1001) makes it a criminal offense to wilfully make false statements or misrepresentations to any department or agency of the United States as to any matter within its jurisdiction.</p> <p>G. The use of a bid bond in lieu of a deposit is not authorized.</p> <p>H. The "Bidder Represents" portion appearing on the face sheet of this invitation is deleted and the following representation and agreement substituted therefor:</p> <p>The bidder (or contractor) represents (Check appropriate space) (1) That the aggregate number of employees of the bidder and its affiliates is <u>500 or more,</u> less than 500. (2) that he <u>has,</u> has not, employed or retained any company or person other than a full time bona fide employee working solely for the bidder (or contractor) to solicit or secure this contract and (3) that he <u>has</u> has not paid or agreed to pay to any company or person other than a full time bona fide employee working solely for the bidder (or contractor) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating thereto as requested by the contracting officer.</p> <p>I. The Government will not load any vehicle. Property sold "as is" and "where is".</p> <p>J. Full 20% bid deposits based on correct and accurate extensions will accompany the bid. Less than full 20% bid deposit will be grounds for rejection of bid.</p> <p>K. This contract shall be subject to the written approval of the Army Commander or the Head of Technical Service having jurisdiction and shall not be binding until so approved. (In view of the foregoing, bidders, shall allow twenty (20) to thirty (30) days for acceptance of bid, in bid portion of face sheet, Standard Form 114)</p>					
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A

AUGUST 1950

PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.

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CONTRACT NO.

DL(s)-09-030-01-

INVITATION NO.

09-030-s-55-1C

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER	
				PRICE BID PER UNIT	TOTAL PRICE BID
				DOLLARS	CENTS
	<p><u>SPECIAL CONDITIONS:</u></p> <p>L. Items purchased on this contract will be delivered <u>ONLY</u> to the contractor or his agent. Items resold by the contractor must be removed by the original contractor.</p> <p>M. <u>CASH</u> will not be acceptable as 20% bid deposit on this invitation. Deposits shall be made by certified check, cashier's check, bank draft, postal or express money order, payable to the Treasurer of the United States.</p> <p>N. Variations from the quantity specified in the invitation will, only in rare instances exceed twenty-five per cent (25%) and not in any instance exceed fifty per cent (50%) of the estimated quantities indicated therein.</p> <p>O. The purchaser agrees to accept railroad weights on shipments involving listed items.</p> <p>P. Purchasers are warned that articles of an explosive nature may remain in the property sold, notwithstanding the care exercised by the Government to remove same. The Government assumes no liability for failure to exclude any such articles and the purchaser agrees that the Government shall have no liability in connection therewith.</p> <p><u>NOTE:</u> Bidders who do not respond to Invitation to Bid mailed to them within three (3) consecutive sales will have their names automatically withdrawn from the mailing list unless they specifically request that their names be retained.</p>				
	CAUTION: INSPECT THE PROPERTY				

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

NAME OF BIDDER

STANDARD FORM 114A
AUGUST 1950 EDITION

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 6	CONTRACT NO. DA(s)-09-030-Q1- INVITATION NO. 09-030-s-55-10	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
The Following Items are Located In Warehouse 305-B:						
1.	SF-108 (P-1711) ROPE, New (A) (138 lbs) Consisting of: Ropo, Jute 3/4" - 27 Lbs. Ropo, Jute 5/8" - 9 Lb. Ropo, Jute 1/2" - 102 Lbs. SF-51-54 15-66163 SF-13-55 15-66227 (Total Acquisition Cost \$48.30)	1	Lot			
2.	SF-45-F-NS (P-1711) FITTINGS, New (A) Consisting of: Clamp Rod, Mosquito Bar - 2496 Ea. SF-13-55 15-66247 (Total Acquisition Cost \$199.68)	1	Lot			
3.	SF-45-F-NS (P-1711) FITTINGS, Used (D) Consisting of: Pole Tent Shelter - 1050 Ea. Clamp Rod, Mosquito Bar - 2900 Ea. SF-13-55 15-66247, 66220 (Total Acquisition Cost \$483.50)	1	Lot			
4.	SF-68 (P-1711) COTTON, Clothing, Used (D) (2037 Lbs) Consisting of: Cover, Cap, Uniform, Size 6 1/2 - 51 Ea. Cover, Cap, Uniform, Size 7 3/4 - 29 Ea. Trousers, Cotton, Khaki, Size 36x29 - 4 Pr. Cap, Garrison, Size 6 1/2 - 188 Ea. Trousers, Cotton, Khaki, Size 28x32 - 65 Pr. Cover, Cap, Uniform, 6 5/8 - 10,965 Ea. Pants, Swoat, Gray, Large - 2 Pr. Shorts, Athletic, Size 40 - 5 Pr. Jacket, Utility OG 107, Small - 1 Ea. Cap, Garrison, OD, 7 1/8" - 11 Ea. Cover, Cap, Uniform, 6 3/8 - 1 Ea. Cover, Cap, Uniform, 6 1/2 - 4 Ea. Cover, Cap, Uniform, 6 3/4 - 2 Ea. Cover, Cap, Uniform, 6 7/8 - 2 Ea. Cover, Cap, Uniform, 7 - 8 Ea. Cover, Cap, Uniform, 7 1/8 - 3 Ea.	1	Lot			
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A

AUGUST 1950

PRESCRIBED BY GENERAL SERVICES ADM.

PERSONAL PROPERTY MANAGEMENT

REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.

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CONTRACT NO.

D1(s)-09-030-01-

INVITATION NO.

09-030-S-55-10

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS	CENTS
	The Following Items are Located in Warehouse 3C5-B: (Item No. 4 Continued) Cover, Cap, Uniform, 7 3/8 - 2 Ea. Cover, Cap, Uniform, 7 1/2 - 3 Ea. Cover, Cap, Uniform, 7 5/8 - 1 Ea. Cover, Cap, Uniform, 7 7/8 - 2 Ea. Necktie, Cotton, Mohair Khaki - 4 Ea. Coat, Backs & Coats, White, Mod.-21Ea. SF-13-55 15-66220 SF-51-54 15-66163, 66165 SF-49-54 15-19182, 19191 SF-45-54 15-66161 SF-36-54 15-66109 SF-72-55 15-66221, 66251 SF-57-54 15-66175 (Total Acquisition Cost \$7141.25)					
5.	SF-52 (P-1711) OVERSHOES, New (A) Consisting of: (10 Lbs) Mismatos - 6 Ea. SF-25-54 15-19160 (Total Acquisition Cost \$17.40)		Lot			
6.	SF-73-F-NS (P-1711) FRAME, Cap, New (A) Consisting of: (318 Ea.) Sizes. 7 1/2 - 96 Ea. Sizes. 7 3/8 - 144 Ea. Sizes. 7 3/4 - 79 Ea. SF-14-54 15-19186 (Total Acquisition Cost \$604.20)	1	Lot			
7.	SF-84 (P-1711) NETTING, Cotton, Mosquito Bar, UN 72" New (A) (744 Yds)(168 Lbs) SF-49-54 15-19191 (Total Acquisition Cost \$706.80)	1	Lot			

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 8	CONTRACT NO. DA(s)-09-030-Q1- INVITATION NO. 09-030-S-55-10	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Warehouse 305-B:						
8.	SF-134 (P-1711) SHOES, New (A) (3162 lbs) Consisting of: Boots, Service, Combat, 10-C - 224 Pr. Boots, Service, Combat, 7½B - 192 Pr. Boots, Service, Combat, 7-C - 53 Pr. Boots, Service, Combat, 8-C - 452 Pr. Boots, Service, Combat, 9-C - 60 Pr. Boots, Service, Combat, 10-C - 36 Pr. Boots, Service, Combat, 10½C - 36 Pr. Boots, Service, Combat, 11-D - 1 Pr. Boots, Service, Combat, Misnatos - 2 Ea. SF-47-54 15-66108 SF-49-54 15-19190, 19191 (Total Acquisition Cost \$7,598.10)	1	Lot				
9.	SF-134 (P-1711) SHOES; Used (D) Consisting of: Boots, Service, Combat, 10½B - 12 Pr. Shoes, Service, Rebuilt, 5½C - 6 Pr. Shoes, Service, Comp. Sole - 7½A - 1 Pr. Boots, Service, Combat, 13½EE - 1 Pr. Boots, Service, Combat - 6 Pr. - 1 Pr. Boots, Service, Combat, 6½B - 1 Pr. Boots, Service, Combat, 6½B - 1 Pr. Boots, Service, Combat, 6½B - 1 Pr. Boots, Service, Combat, 7½C - 2 Pr. Boots, Service, Combat, 9½EE - 1 Pr. Boots, Service, Combat, 10½D - 1 Pr. Boots, Service, Combat, 13½E - 1 Pr. SF-22-55 15-66229, 66226 SF-2-55 15-66227, 66199 (Total Acquisition Cost \$520.20)	1	Lot				
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER					

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BIDDING AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.

9

CONTRACT NO.

DA(S)-09-030-01-

INVITATION NO.

09-030-S-65-10

ITEM NO	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER	
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS
	The Following Items are Located in Warehouse 307-B:				
10.	SF-89 (P-1711) CLOTHING, Wool, New (A)(4137 lbs) Consisting of: Sweater, Mechanical - 480 Ea. Sweater, Turtle Neck, Large - 65 Ea. Sweater, High Neck, Large - 720 Ea. Sweater, High Neck, Medium - 540 Ea. Sweater, High Neck, Small - 900 Ea. Sweater, Sleeveless, Medium - 355 Ea. Sweater, Sleeveless, Small - 1560 Ea. SF-36-54 15-66109 SF-47-54 15-66108 (Total Acquisition Cost \$14,669.70)	1	Lot		
11.	SF-39 (P-1711) CLOTHING, Wool, Used (D)(1416 lbs) Consisting of: Trousers, OD, Shado 33, 26x33 - 5 Pr. Trousers, OD, Shado 33, 27x33 - 2 Pr. Trousers, OD, Shado 33, 29x29 - 2 Pr. Trousers, OD, Shado, 33, 30x29 - 4 Pr. Trousers, OD, Shado 33, 33x31 - 1 Pr. Trousers, OD, Shado 33, 33x35 - 8 Pr. Trousers, OD, Shado 33, 30x35 - 2 Pr. Trousers, OD, Shado 33, 40x33 - 1 Pr. Trousers, OD, Shado 33, 42x33 - 3 Pr. Trousers, OD, Shado 35, 44x33 - 1 Pr. Glove Inserts, Asso. - 1 Pr. Jacket, Wool, OD, 32 Regular - 7 Ea. Jacket, Wool, OD, 34 Regular - 83 Ea. Jacket, Wool, OD, 34 Short - 53 Ea. Jacket, Wool, OD, 34 Long - 1 Ea. Jacket, Wool, OD, 36 Long - 25 Ea. Jacket, Wool, OD, 38 Regular - 92 Ea. Jacket, Wool, OD, 36 Short - 48 Ea. Jacket, Wool, OD, 38 Long - 32 Ea. Jacket, Wool, OD, 38 Regular - 56 Ea. Jacket, Wool, OD, 38 Short - 26 Ea. Jacket, Wool, OD, 40 Long - 5 Ea. Jacket, Wool, OD, 38x Short - 1 Ea. Jacket, Wool, OD, 40 Regular - 32 Ea. Jacket, Wool, OD, 40 Short - 8 Ea. Jacket, Wool, OD, 42 Long - 5 Ea.		Lot		

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMIN. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 10	CONTRACT NO. DA(s)-09-030-Q1- INVITATION NO 09-030-S-55-10		
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Warehouse 305-B:						
	(Item No. 11 Continued)						
	Jacket, Wool, OD, 42 Regular - 33 Ea.						
	Cap, Garrison, OD, 7 1/2 - 3 Ea.						
	Cap, Garrison, OD, 6 3/8 - 1 Ea.						
	Cap, Garrison, OD, M 50, 7 - 1 Ea.						
	Cap, Garrison, OD, M 50, 7 1/8 - 1 Ea.						
	Jacket, Wool, OD, 44 Regular - 10 Ea.						
	Jacket, Wool, OD, 44 Long - 3 Ea.						
	Jacket, Wool, OD, 44 Short - 1 Ea.						
	Jacket, Wool, OD, 46 Regular - 4 Ea.						
	Cap, Garrison, OD, 6 5/8 - 4 Ea.						
	Cap, Garrison, OD, 6 3/4 - 1 Ea.						
	Cap, Garrison, OD, 6 7/8 - 13 Ea.						
	Cap, Garrison, OD, 7 - 11 Ea.						
	Cap, Garrison, OD 7 1/8 - 23 Ea.						
	Cap, Garrison, OD, 7 3/8 - 2 Ea.						
	Cap, Garrison, OD, 7 1/4 - 4 Ea.						
	Huffler, Wool, OD - 85 Ea.						
	Jacket, Wool, OD, M 50, 44 Long - 1 Ea.						
	Jacket, Wool, OD, M 50, 42xL - 1 Ea.						
	Jacket, Wool, OD, M 50, 44 Reg - 2 Ea.						
	Cover, Cap, Wool, SR - 7 - 35 Ea.						
	Trousers, OD, 33 29x33 - 4 Ea.						
	Trousers, OD, 33, 30x33 - 1 Ea.						
	Cap, Garrison, OD, M-50 7 5/8 - 3 Ea.						
	Cover, Cap, WL-SR 6 5/8 - 1 Ea.						
	Cover, Cap, WL-SR 7 1/2 - 3 Ea.						
	Cover, Cap, WL-SR 7 5/8 - 2 Ea.						
	Cover, Cap, WL-SR 7 7/8 - 1 Ea.						
	SF-51-54 15-66165						
	SF-57-54 15-66186, 66175						
	SF-43-54 15-66135						
	SF-2-55 15-66202						
	SF-22-55 15-66224						
	(Total Acquisition Cost \$8637.25)						
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER					

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.
11

CONTRACT NO.
DA(3)-09-030-Q1-
INVITATION NO.
09-030-S-55-10

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
					DOLLARS	CENTS
	The Following Items are Located in Warehouse 305-B:					
12.	SF-73-F-NS (P-1711) FRAME, Cap, Now (A) (8225 Ea) Consisting of: Frame, Cap w/grommet, 6 1/2 - 2561 Ea. Frame, Cap w/grommet, 6 5/8 - 336 Ea. Frame, Cap w/grommet, 6 7/8 - 1584 Ea. Frame, Cap w/grommet, 7 - 1536 Ea. Frame, Cap w/grommet, 7 1/8 - 816 Ea. Frame, Cap w/grommet 7 5/8 - 288 Ea. Frame, Cap, w/grommet 7 7/8 - 1104 Ea. SF-49-54 15-19182 (Total Acquisition Cost \$15,627.50)	1	Lot			
13.	SF-73-B-NS (P-1711) BELTS, Now (A) (614 Ea) Consisting of: Belts, Waist, Small - 500 Ea. Bolt, Leather, HP 44 - 114 Ea. SF-45-54 15-66157 SF-1-55 15-66103 (Total Acquisition Cost \$1696.20)	1	Lot			
14.	SF-132 (P-1711) LEATHER, Used (D) (572 Lbs) Consisting of: Shoath, HCL, Leather, 22 - 138 - 1125 Ea. SF-51-54 15-66176 (Total Acquisition Cost \$1717.50)	1	Lot			
15.	SF-132 (P-1711) LEATHER GLOVES, Now (A) (750 Lbs) Consisting of: Glove, Leather, Soldier Mk.L. - 606 Ea. Glove, Lineman, Size 11, - 254 Ea. SF-1-55 15-66107 (Total Acquisition Cost \$1,030.20)	1	Lot			

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET,		PAGE NO. 12	CONTRACT NO. DA(s)-09-C30-Q11- INVITATION NO. 09-030-s-55-10	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	The Following Items are Located in Warehouse 305-B:					
16.	SF-56 (P-1711) RAINCOATS, Used (D) (9 Lb) Consisting of: Raincoat, OD, SRC L - 5 Ea. SF-51-54 15-66163 (Total Acquisition Cost \$27.00)	1	Lot			
17.	SF-117 (P-1711) PLASTIC, New (A) (3200 Lbs) Consisting of: Insole, Vent, M-44, 8-N - 520 Pr. Insole, Vent, M-44, 7-N - 571 Pr. Insole, Vent, M-44, 8-N - 1214 Pr. Insole, Vent, M-44, 9-N - 3651 Pr. Insole, Vent, M-44, 10-N - 5164 Pr. Insole, Vent, M-44, 10-N - 2899 Pr. Insole, Vent, M-44, 11-N - 3819 Pr. Insole, Vent, M-44, 11-N - 2413 Pr. Insole, Vent, M-44, 12-N - 469 Pr. Insole, Vent, M-44, 12-N - 1188 Pr. Insole, Vent, M-44, 5-N - 340 Pr. Insole, Vent, M-44, 5-N - 301 Pr. Insole, Vent, M-44, 5-N - 275 Pr. Insole, Vent, M-44, 6-N - 296 Pr. Insole, Vent, M-44, 9-N - 350 Pr. Insole, Vent, M-44, 10-N - 402 Pr. Insole, Vent, M-44, 12-N - 261 Pr. Insole, Vent, M-44, 9-N - 2120 Pr. SF-1-55 15-66103 SF-2-55 15-66102 (Total Acquisition Cost \$17,032.50)	1	Lot			
18.	SF-57 (P-1711) RUBBER GLOVES, New (A) (400 Lbs) Consisting of: Gloves, Synthetic, RCL 14 - 676 Prs. SF-1-55 15-66107 (Total Acquisition Cost \$1437.20)	1	Lot			
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A

AUGUST 1950

PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.

13

CONTRACT NO.

DA(s)-09-030-QL-

INVITATION NO.

09-030-s-55-10

TO BE SUPPLIED BY BIDDER

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER	
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS
	The Following Items are Located in Warehouse 305-B:				
19.	SF-67 (P-1711) CANVAS, New (A) (1022 lbs) Consisting of: Sling, Carrier MG Ammo - 196 Ea. Pack Board w/canvas sack - 7 Ea. Bag, Ammo, 12.11 - 40 Ea. Cover, Canvas Muzzle, Carbine Rifle - 5164 Ea. Strap, Chin, Helmet, 11 - 2913 Ea. Fly for Squad Tent - 3 Ea. SF-2-55 15-66199 SF-33-54 15-66120, 66113 SF-45-54 15-66161 SF-51-54 15-66163, 66165 (Total Acquisition Cost \$1,706.70)	1	Lot		
20.	SF-67 (P-1711) CANVAS, Used (D) (585 Lbs) Consisting of: Bucket, Canvas Col. 10 Quart - 1 Ea. Strap, Bag Field, 05, M-36 - 63 Ea. Carrier, Ax, Entrenching M-10 - 895 Ea. Frame, Cap, w/grommet, 6 7/8 - 2 Ea. Cover, Canvas, Muzzle, Carbine or Rifle - 864 Ea. Sling, Carry, MG Ammo - 163 Ea. Bag, Canvas Field, M-36, 05 - 2 Ea. SF-33-54 15-66113 SF-51-54 15-66165 SF-45-54 15-66161 SF-43-54 15-66133 SF-57-54 15-66171 (Total Acquisition Cost \$663.10)	1	Lot		

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 EDITION PRESCRIBED BY GENERAL SERVICES ADMINISTRATION PERSONAL PROPERTY MANAGEMENT REGULATION NO. 8			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 14	CONTRACT NO. DA(s)-09-030-01- INVITATION NO. 09-030-S-55-10	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Warehouse 305-B:						
21.	SF-72-B-NS (P-1711) BOOTS, Rubber, How (A) (2179 Pr) Consisting of Approximately: Boots, Rubber Hip, Size 6 - 120 Pr. Boots, Rubber Hip, Size 7 - 431 Pr. Boots, Rubber Hip, Size 8 - 589 Pr. Boots, Rubber Hip, Size 9 - 338 Pr. Boots, Rubber Hip, Size 10 - 359 Pr. Boots, Rubber Hip, Size 11 - 291 Pr. Overshoes, Mismates - 1 Pr. SF-4-55 15-66102 SF-51-54 15-66163 (Total Acquisition Cost \$14,596.40)	1	Lot				
22.	SF-72-B-NS (P-1711) BOOTS, Rubber, Hip, Size 7, Used (D) (35 Pr) SF-1-55 15-66103 (Total Acquisition Cost \$234.50)	1	Lot				
23.	SF-46 (P-1711) TOOLS, How (A) (18 Lb) Consisting Of: Handle, Ax, Entrenching, 10 - 20 Ea. Goggles, Plastic, Clear - 20 Pr. SF-57-54 15-66169 SF-45-54 15-66161 (Total Acquisition Cost \$61.00)	1	Lot				
24.	SF-46 (P-1711) TOOLS, Used (D) (7 Lb) Consisting of: Goggles, Plastic, Clear - 15 Pr. SF-57-54 15-66169 (Total Acquisition Cost \$30.00)	1	Lot				

CAUTION: INSPECT THE PROPERTY

ATTACH SHEET OF BID SHOULD SHOW NAME OF BIDDER	NAME OF BIDDER
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STANDARD FORM 114A AUG 1ST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 15.	CONTRACT NO. DA(s)-09-030-Q- INVITATION NO. 09-030-S-55-10 TO BE SUPPLIED BY BIDDER		
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	PRICE BID PER UNIT			TOTAL PRICE BID
				DOLLARS	CENTS		
25.	SF-37-B-NS (P-1711) ATHLETIC SUPPLIES, Now (A)(2496 Lbs) Consisting of: Supporter, Athletic, 3 S - 200 Ea. Supporter, Athletic, 3 M - 40,664 Ea. Supporter, Athletic, 6 L - 1015 Ea. SF-15-54 15-66170 (Location - Whso 305-B & SF-47-54 15-66111 Opposite Whso. 305-B:) (Total Acquisition Cost \$32,473.55)	1	Lot				
26.	SF-130 (P-1711) DUCKING, Now (A)(2260 lbs)(Whso 305B) Consisting of: Duck, OD, 6 FEET 32" - 430 Yds. Ducking, Gray No. 12 37" - 290 Yds. Duck, Gray No. 4 31 1/2" - 700 Yds. Duck, Gray, 35" 979 1/4 Yds. SF-16-54 15-66104 SF-47-54 15-66111 SF-33-54 15-66113 (Total Acquisition Cost \$1,044.49)	1	Lot				
27.	SF-53-O-NS (P-1711) OFFICE SUPPLIES, Now (A)(Whso 305B) Consisting of: Eraser, Pencil, Oblong, - 2665 Ea. SF-39-54 15-66105 (Total Acquisition Cost \$189.95)	1	Lot				
28.	SF-37-L-NS (P-1711) LACE SHOE, Now (A)(25,090 Pr)(Whso 305B) Consisting of: Lace, Shoe, Athletic, 48" - 20,194 Pr. Lace, Logging, 44 1/2 30" - 12,268 Pr. SF-33-54 15-66113 SF-47-54 15-66111 (Total Acquisition Cost \$3,000.84)	1	Lot				
29.	SF-2C-M-NS (P-1711) FABRIC, Cot, St. Bstd Now (A)(529 Ea) SF-47-54 15-66111 (Total Acquisition Cost \$476.10) (Whso 305B)	1	Lot				

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

REASON FOR CANCELLATION

DATE OF CANCELLATION

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 16	CONTRACT NO. DA(S)-09-030-Q1- INVITATION NO. 09-030-s-55-10	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Warehouse 305-B:						
30.	SF-7-M-NS (P-1711) LINTRESS, Cotton, Used (D) (47 Ea) SF-33-54 15-19221 (Total Acquisition Cost \$493.50)	1	Lot				
31.	SF-74-B-NS (P-1711) BAG, Carry Rocket, M-6, Now (A) (12,824 Ea)(Location- Opposite Whse. 305-B) SF-33-54 15-66120 (Total Acquisition Cost \$38,472.00)	1	Lot				
32.	SF-74-B-NS (P-1711) BAG, Carry, Rocket, M-6, Used (D) (1,354 Ea)(Location: Opposite Whse. 305-B:) SF-33-54 15-66120 (Total Acquisition Cost \$4,062.00)	1	Lot				
33.	SF-74-G-NS (P-1711) GLASSES, Sun, Spectacle Typo, Now (A) (6,694 Ea) SF-33-54 15-19221 (Total Acquisition Cost \$6,694.00)	1	Lot				
34.	SF-23 (P-1711) KITCHEN SUPPLIES, Now (A) (35 Lbs) Consisting of: Tublor, Drink, 10 ea - 84 Ea. Filter, Grease - 1 ea. SF-30-54 15-66101 (Total Acquisition Cost \$247.54)	1	Lot				
35.	SF-114 (P-1731) WADDING, Non-Absorbent, No Backing, No Embossing, 50" Thick 20 Ply Brown Typo III, 2 rolls 20"x99" (Approx. 44,560 lbs) (Total Acquisition Cost \$9,899.64)	1	Lot				
NOTE: THE FOLLOWING INFORMATION WILL BE FURNISHED BY THE BIDDER:							
				TOTAL AMOUNT OF BID			
				20% GUARANTEE DEPOSIT			
CAUTION: INSPECT THE PROPERTY			NAME OF BIDDER				
BACH SHEET OF BID SHOULD SHOW NAME OF BIDDER							

STANDARD FORM 114

AUGUST 1950

PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE

CONTRACT NO.

DA(S)-09-030-Q-1-

INVITATION NO.

09-030-S-55-11

DATE OF INVITATION

25 October 1954

PAGE NO. NUMBER OF PAGES

15

ISSUED BY

Salvage Branch, Atlanta General Depot, U.S. Army

ADDRESS

Atlanta, Georgia

INVITATION

Scaled bids, in One Copy Only subject to the General Sale Terms and Conditions on the reverse hereof, and any special conditions, set forth herein, will be received at Salvage Branch, Whse. 305-D, Atlanta General Depot until 1:30 o'clock P. m., 9 November, 1954 for purchase and removal of Government-owned property listed below, except on continuation sheets numbered pages 3 through 6 thru 15.

PLACE WHERE BIDS WILL BE PUBLICLY OPENED

Salvage Branch, Whse. 305-D, Atlanta Gen Depot, US Army

TIME

1:30 PM

DATE OF BID OPENING

9 November 1954

NAME

CHARLES E. GOOLSBY, Major, QMC

TITLE

Property Disposal Officer

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
				DO. LARS	CENTS	
	Special Conditions "A" through "Q" inclusive (Pages 3, 4, and 5), are added to subject invitation and made a part thereof.					
	FOR SALE					
	CAUTION: INSPECT THE PROPERTY					

The property described herein may be inspected between the hours of 8:30 AM 12:30 PM and 1:30 to 3:30 PM on Mondays thru Fridays, excluding holidays, 26 October thru 8 November, 1954, by contacting CHARLES E. GOOLSBY, Major, QMC, Property Disposal Officer

A bid deposit of 20% percent of the total amount bid, in the form of postal or express money order, or cashier's or certified check, or such other form of security as may be acceptable to the contracting officer, made payable to the Treasurer of the United States, must accompany the bid.

Property must be removed by the successful bidder within 10 calendar days after notice of award, unless otherwise specified in the description or in any special condition, time to be computed from the date of mailing or otherwise furnishing said notice.

BID

DATE OF BID

In compliance with the above invitation, and subject to all the General Sale Terms and Conditions and any special conditions, the undersigned offers and agrees, if this bid be accepted within XX calendar days (60 calendar days if no period be specified by the bidder) after date of the opening, to purchase any or all of the items described herein upon which prices are quoted, at the price set opposite each item. Bid deposit in the amount of \$ is enclosed.

BIDDER REPRESENTS: (Check appropriate boxes) (1) That the aggregate number of employees of the bidder and its affiliates is ☐ 500 or more, ☐ less than 500. (2) That he ☐ has, ☐ has not, employed or retained a company or person (other than a full-time employee) to solicit or secure this contract, and agrees to furnish information relating thereto as requested by the contracting officer.

Bidder Represents Clause superseded. See Condition "H", Page 4.

NAME AND ADDRESS OF BIDDER (Street and number, city and State)

SIGNATURE OF PERSON AUTHORIZED TO SIGN THIS BID

TITLE

ACCEPTANCE BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA

DATE OF ACCEPTANCE

ACCEPTED AS TO ITEMS NUMBERED

See Attached List

TITLE OF CONTRACTING OFFICER

Property Disposal Officer

SIGNATURE OF CONTRACTING OFFICER

CHARLES E. GOOLSBY, Major, QMC

STANDARD FORM 114
AUGUST 1950 EDITION

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY (INVITATION, BID, AND ACCEPTANCE) (CONTINUATION SHEET)		PAGE NO. 3	CC ITF ACT DL(s)-09-000- INVITATION NO 09-030-S-55-11	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p>SPECIAL CONDITIONS:</p> <p>A. The bidder certifies that he is not an official or employee of the Department of the Army, officer, enlisted man, civilian employee of the Army Exchange Service, Army Exchanges, the U.S. Army Motion Picture Service, or civilian employee of the Army.</p> <p>B. The purchaser or bidder agrees to save the Government harmless from any and all claims, demands, actions, debts, liabilities, judgments, costs, and attorneys fees arising out of, claimed on account of, or in any manner predicated upon loss of or damage to property of and injuries to or the death of any and all persons whatsoever, in any manner caused or contributed to by purchaser or bidder, their agents, servants, or employees, while in, upon or about the military reservation on which the property sold or offered for sale is located; or while going to or departing from the same; and to save the Government harmless from and on account of damages of any kind which Government may suffer as the result of the acts of any of the purchaser's agents, servants, or employees in or about said military reservation.</p> <p>C. All property not removed within ten (10) days from the date of award will be subject to a storage charge (See General Sale Terms and Conditions, Condition 7, Page 2 of Contract) and such charge will be paid prior to removal of property. Storage charge will be computed on the following basis:</p> <p>For each of the first five (5) days or fraction thereof, including Saturdays, Sundays, and legal holidays, one and three-fourths (1-3/4) cents per hundred (100) pounds or fraction thereof. For the sixth day and each succeeding day or fraction thereof, including Saturdays, Sundays, and legal holidays three and one-half (3-1/2) cents per hundred (100) pounds or fraction thereof. (Extract from Central State Motor Freight Bureau, Motor Freight Tariff No. 224-A, Item 350 (G), Page 58). There will be no further communication from the Property Disposal Officer prior to beginning of storage charges at the above rates. Charges for items stored outdoors will be reduced (50%) fifty per cent.</p> <p>D. This property has been screened against the known defense requirements of the Federal Government and is surplus to all known requirements of the Federal Government.</p> <p>E. The bidder warrants that he (it) has no interest, direct or indirect in any other bid submitted in response to this invitation. If it should be determined that the bidder has such an interest, then his (its) bid, together with such other bid or bids shall be rejected.</p>					
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.
4

CONTRACT NO.
D.(S)-09-030-21-
INVITATION NO.
09-030-S-55-11

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS	TOTAL PRICE BID CENTS
	<p><u>SPECIAL CONDITIONS:</u></p> <p>F. The United States Criminal Code (18 USC 1001) makes it a criminal offense to wilfully make false statements or misrepresentations to any department or agency of the United States as to any matter within its jurisdiction.</p> <p>G. The use of a bid bond in lieu of a deposit is not authorized.</p> <p>H. The "Bidder Represents" portion appearing on the face sheet of this invitation is deleted and the following representation and agreement substituted therefor:</p> <p>The bidder (or contractor) represents (Check appropriate space)</p> <p>(1) That the aggregate number of employees of the bidder and its affiliates is <u>500</u> or more, <u>less</u> than 500 (2) that he <u>has</u> has not, employed or retained any company or person other than a full time bona fide employee working solely for the bidder (or contractor) to solicit or secure this contract and (3) that he <u>has</u> has not paid or agreed to pay to any company or person other than a full time bona fide employee working solely for the bidder (or contractor) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating thereto as requested by the contracting officer.</p> <p>I. The Government will not lead any vehicle. Property sold "as is" and "where is".</p> <p>J. Full 20% bid deposits based on correct and accurate extensions will accompany the bid. Less than full 20% bid deposit will be grounds for rejection of bid.</p> <p>K. This contract shall be subject to the written approval of the Army Commander or the Head of Technical Service having jurisdiction and shall not be binding until so approved. In view of the foregoing, bidders, shall allow twenty (20) to thirty (30) days for acceptance of bid, in bid portion of face sheet, Standard Form 114)</p>					
<p>CAUTION: INSPECT THE PROPERTY</p> <p>PAGE SHEET OF BID SHOULD SHOW NAME OF BIDDER</p> <p>NAME OF BIDDER</p>						

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 5	CONTRACT NO. DA(s)-09-030-QM- INVITATION NO. 09-030-s-55-11	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p><u>SPECIAL CONDITIONS:</u></p> <p>L. Items purchased on this contract will be delivered <u>ONLY</u> to the contractor or his agent. Items resold by the contractor must be removed by the original contractor.</p> <p>M. <u>CASH</u> will not be acceptable as 20% bid deposit on this invitation. Deposits shall be made by certified check, cashier's check, bank draft, postal or express money order, payable to the Treasurer of the United States.</p> <p>N. Variations from the quantity specified in the invitation will, only in rare instances exceed twenty-five per cent (25%) and not in any instance exceed fifty per cent (50%) of the estimated quantities indicated therein.</p> <p>O. The purchaser agrees to accept railroad weights on shipments involving listed items.</p> <p>P. Estimated weights, actual or approximate, shown in the description column of items 3 through 8, 10, 11, 15 through 20, 24, 29, 32 thru 34, 38, 39, 41, 43, 45 through 49, 51 through 54, 56 through 58, 63 and 65 are not to be utilized by the bidder in computing or arriving at the total price bid, as the quantity and unit of measure is shown as "1 lot".</p> <p>Q. The successful bidder of item No. 36 agrees to relieve the Government of all responsibility pertaining to applicable state laws, governing renovation and resale of bidding and related material.</p> <p>NOTE: Bidders who do not respond to Invitation to Bid mailed to them within three (3) consecutive sales will have their names automatically withdrawn from the mailing list unless they specifically request that their names be retained.</p>					
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMIN. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 6	CONTRACT NO. DA(s)-09-030-Q1- INVITATION NO. 09-030-s-55-11	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Warehouse #305-B:						
1.	66-C-NS COMPRESSOR, Air, Quinoy Model, Used (D) (Eng) (Est. Acquisition Cost \$200.00)	1	Ea.				
2.	66-S-NS STACKER, 500 Lb. Capacity, Electric w/motor (Q1)Used (D) (Est. Acquisition Cost \$710.00)	1	Ea.				
3.	46 TOOLS, New (A) Consisting of: Handle, Timber Carrier, Funnels, Goggles, Sandpaper, etc. (1591 Lb) (Q1) (Acquisition Cost \$.50 Lb)	1	Lot				
4.	46 TOOLS, Used (D) Consisting of: Shovels, Ax, Hammer, Paint Pot, Gages, Pliers, Wrenches, Screw- drivers, etc. (5790 lbs) (Ord) (Acquisition Cost \$.50 lb)	1	Lot				
5.	53-O-NS OFFICE SUPPLIES, New (A) (2295-Lbs) Consisting of: (Q1) Paper Printing, Books, Ink Duplicating, etc. (Acquisition Cost \$.50 lb)	1	Lot				
6.	53-O-NS OFFICE SUPPLIES, New (A) (2799 Lbs) Consisting of: (Q1) Tape, Water Resistant (Acquisition Cost \$.50 lb)	1	Lot				
7.	53-O-NS OFFICE SUPPLIES, Consisting of: (Q1) Adhesive, Deteriorated - 2440 lbs (Acquisition Cost \$.50 lb)	1	Lot				
NOTE: All quantities and weights indicated on above listed items are approximate only.							
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER				NAME OF BIDDER			

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 7	CONTRACT NO. DA(s)-09-030-01- INVITATION NO. 09-030-s-55-11	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Warehouse #305-B:						
8.	53-0-NS OFFICE SUPPLIES, Used (D) (4782 Lbs) Consisting of: (QM) Tray, Wire, Ruler, Card File, Ink Stenoil, Cement Waterproof, etc. (Acquisition Cost \$2.50 lb)	1	Lot				
9.	69-C-NS CART, Stock Pulling, Used (D) (QM) w/shelves (Acquisition Cost \$18.00)	1	Each				
10.	129 BURLAP, (1221 lbs) (QM) Used (D) (Acquisition Cost \$2.30 lb)	1	Lot				
11.	116 CARDBOARD, Sheets & Boxes, (3618 lbs) (QM) Used (D) (Acquisition Cost \$2.50 lb)		Lot				
12.	40-M-NS MACHINE, Floor Polisher (American) Used (D) Incomplete (Eng) (Acquisition Cost \$125.00)	1	Each				
13.	65-M-NS OVEN, Bake, Used (D) Incomplete (QM) (Acquisition Cost \$900.00)	1	Each				
14.	52-W-NS TANK, Floor, Now (D) (QM) Approximately 55 Gallons (Acquisition Cost \$19.25)	1	Lot				
15.	134 BOOTS & SHOES, Used (D) (QM) (8060 lbs) (Acquisition Cost \$1.00 lb)	1	Lot				
NOTE: All quantities and weights indicated on above listed items are approximate only.							
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER					

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 2

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.
8

CONTRACT NO.
DA(s)-09-030-Q1-
INVITATION NO.
09-030-S-55-11

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS	CENTS
	The Following Items are Located in Warehouse #305-B:					
16.	132 LEATHER, Now Material Consisting of Carrier for Gas Mask Canister, (5,879 Lbs)(Chemical Property) (Acquisition Cost \$1.00 lb)	1	Lot			
17.	132 LEATHER, Consisting of: Holster, Pistol, Gloves, etc. Used (D) (904 lbs)(Q1) (Acquisition Cost \$1.00 lb)	1	Lot			
18.	56 RAINCOATS & RUBBERIZED CLOTHING, Used (D) (343 lbs) (Q1) (Acquisition Cost \$1.00 lb)	1	Lot			
19.	52 BOOTS, Overshoes, (Rubber) Used(D) (92 Lbs) (Q1) (Acquisition Cost \$1.00 lb)	1	Lot			
20.	108 STRING, Mixed, Used (D) (268 lbs) Consisting of: (Eng) Net Camouflage Rope, etc. (Acquisition Cost \$.59 lb)	1	Lot			
21.	54-S-NS STAND, Straddle, Used (D) Incomplete (2 Ea.) (Q1) (Acquisition Cost \$235.00 ea)	1	Lot			
22.	66-S1-NS SWEEPER, Floor, Gas Engine Driven, Whishire Make, Used (D) Incomplete (Q1) (Acquisition Cost \$375.00)	1	Ea.			
	NOTE: All quantities and weights indicated on above listed items are approximate only.					

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.

9

CONTRACT NO.

DA(s)-09-030-Q

INVITATION NO.

09-030-s-55-11

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS	CENTS
	The Following Items are Located in Warehouse #305-D:					
23.	63-U-NS ✓ COOLER, Water, Electric, Used (D) (Eng) Incomplete, "Sunroc" (Acquisition Cost \$150.00)	1	Ea.			
24.	67 ✓ BAGS, Canvas, Field. 11-36, New (A) (1806 lbs) (Q1) (Acquisition Cost \$.50 lb)	1	Lot			
25.	66-TA-NS ✓ TANK, Electric, Used (D) Incomplete (2 Ea) (Ord) (Total Acquisition Cost \$360.00)	1	Lot			
26.	41-ST-NS ✓ STOVE, Field, Used (D) Incomplete (3 Ea) (Q1) (Total Acquisition Cost \$180.00)	1	Lot			
27.	60-D-NS ✓ BOILER, Water, Used (D) Incomplete (Eng) (Acquisition Cost \$260.00)	1	Ea.			
28.	66-11-NS ✓ MACHINE, Stitcher, "hollers" Electric Driven w/motor, Used (D) Incomplete (Q1) (Acquisition Cost \$260.00)	1	Ea.			
29.	42-N-NS SEALS, For Box Strapping, New (A) (Q1) (2438 lbs) Misc. Sizes (Total Acquisition Cost \$746.40)	1	Lot			
30.	66-11-NS ✓ MACHINE, Pipe, Cutting, Used (D) Incomplete (Eng) (Acquisition Cost \$75.00)	1	Ea.			
NOTE: All quantities and weights indicated on above listed items are approximate only.						
CAUTION: INSPECT THE PROPERTY						

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

NAME OF BIDDER

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 1		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 10	CONTRACT NO. D(s)-09-030-01- INVITATION NO. 09-030-S-55-11	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	The Following Items are Located in Warehouse #305-B:					
31.	66-MP-NS MACHINE, Threading, Pipe, Used (D) Incomplete (Eng) (Acquisition Cost \$160.00)	1	Ea.			
32.	124 Bag, Cloth, Hailing, (Q1)(966 lbs) New (A) (15,000 Ea) (Acquisition Cost \$.40 lb)	1	Lot			
33.	117 PLASTIC, Used (D) (1224 lbs) (Ord) (Acquisition Cost \$.50 lb)	1	Lot			
34.	37-L-NS LICE, Shoe, New (A) (Q1) Approximately 86,760 pr. Approximately 3,675 lbs. (Acquisition Cost \$.50 lb)	1	Lot			
35.	26-CH-NS CHAIRS, Misc. Wood or Metal, Used (D) (Q1)(78 Ea) (Acquisition Cost \$3.00 Ea)	1	Lot			
36.	7-M-NS MATTRESS, Cotton, Used (D) (See Certificate)(Q1)(1 Ea) (Total Acquisition Cost \$115.40)	1	Lot			
<p><u>C E R T I F I C A T E</u></p> <p>NOTE: Purchaser agrees to comply with all State & Federal laws governing the resale of this item.</p> <p>Purchaser's Signature</p> <p>NOTE: All quantities and weights indicated on above listed items are approximate only.</p>						
CAUTION: INSPECT THE PROPERTY						
NAME OF BIDDER						

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 11	CONTRACT NO. DA(s)-09-030-Q11- INVITATION NO. 09-030-S-55-11	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE B'D DOLLARS CENTS	
	The Following Items are Located in Warehouse #305-B:					
37.	7-D-NS BEDS, Used (D) (10 Ea) (Q1) (Total Acquisition Cost \$100.00)	1	Lot			
38.	25 KITCHEN SUPPLIES, Used (D) (Q1) Consisting of: Container insulated, Spoons, Knives, Cups, Coffee Grinder, etc. (685 lbs) (Acquisition Cost \$.50 lb)	1	Lot			
39.	42-L-NS SAMPLES for box Strapping, New (A) 3/8" x 3/8" and 1/4" x 3/4" (Approx. 400 lbs) (Eng) (Total Acquisition Cost \$35.00)	1	Lot			
40.	31-L-NS LANTERN, Kerosene, Used (D) (11 Ea) (Q1) (Acquisition Cost \$1.25 ea)	1	Lot			
41.	114 PAPER, Mixed, Consisting of Target, Caliber 22 - 30, 1000 inch, New (A) and foil lined bags. (1,960 lbs) (Ord) (Acquisition Cost \$.40 lb)	1	Lot			
42.	126 BOXES, Misc. Used (D) (77 Ea) (Q1) Consisting of: Locker, Box, Tool Box, Gaso Map, etc. (Acquisition Cost \$.25 ea)	1	Lot			
43.	28-C-NS CARDS, I.D.M. New (A) (Q1) (6705 lbs) (Acquisition Cost \$.15 lb)	1	Lot			
44.	73-L-NS HELMET, Sun, Used (D) (200 Ea) (Q1) (Total Acquisition Cost \$460.00)	1	Lot			
NOTE: All quantities and weights indicated on above listed items are approximate only.						
NAME OF BIDDER						

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION BID AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO 12	CONTRACT NO DA(s)-09-030-QM- INVITATION NO 09-030-8-55-11 TO BE SUPPLIED BY BIDDER	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	PRICE BID		
				PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	The Following Items are Located in Warehouse #305-D:					
45.	50 AUTO PARTS, New (A) (1348 lbs)(Ord & Sig) Consisting of: Camshaft, Filters, Ignition Sealer, Pump, Fuel, Pump Oil, Sleeve, etc. (Acquisition Cost \$2.50 lb)	1	Lot			
46.	22 FLASHLIGHT PARTS (Flashlights Incomplete) Used (D) (219 Lb)(Sig) (Acquisition Cost \$1.50 lb)	1	Lot			
47.	45-F-NS FITTINGS, New (A) Consisting of: (12,550 lbs)(Eng) Bolts, nuts, screws, wire, tying bag, etc. (Acquisition Cost \$2.75 lb)	1	Lot			
48.	18-P-NS PHOTOGRAPHIC SUPPLIES, New (A) (481 Lb) Consisting of Developer. (Acquisition Cost \$1.00 lb)	1	Lot			
49.	23 HOPPER, Coffee, Used (D) Incomplete (Q1) (70 Lb) (Acquisition Cost \$25.00)	1	Lot			
50.	11-P-NS PUMP, Used (D) Gas Engine & Electric Drive (2 Ea)(Eng) (Acquisition Cost \$105.00 ea)	1	Lot			
51.	41 STOVE PARTS, Used (D)(1050 lbs)(Q1) Consisting of: Stove Inersion, Plastic, Fire Brick, Gas Unit, Etc. (Acquisition Cost \$1.50 lb)	1	Lot			
NOTE: All quantities and weights indicated on above listed items are approximate only.						
CAUTION: INSPECT THE PROPERTY						
FROM SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 13	CONTRACT NO. DA(s)-09-030-Q1-		
					INVITATION NO. 09-030-S-55-11			
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER				
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS			
	The Following Items are Located In Warehouse #305-B4							
52.	126 EAGS, Hump, Used (D) (Q1)(1579 ea) (2368 lb) (Total Acquisition Cost \$236.85)	1	Lot					
53.	46 TOOLS, Consisting of: Now (A) (65 lbs) (Eng) ✓ Driver, Sioux - 3 Ea. Drill, Screwdriver Thor - 5 Ea. (Total Acquisition Cost \$337.00)	1	Lot					
54.	46 TOOLS, Used (D) Consisting of: (140 lbs) (Eng) Drill, Electric, Black & Decker - 2 Ea. Drill, Electric, Sioux - 1 Ea. ✓ Drill, Electric, United States - 1 Ea. Hammer, Impact Master Power - 1 Ea. Grinder, Tool - 1 Ea. (Total Acquisition Cost \$490.00)	1	Lot					
55.	40-SA-NS ✓ SANDER, "Skilsaw", Used (D) (2 Ea.) (45 Lbs) (Eng) (Total Acquisition Cost \$803.00)	1	Lot					
56.	46 ✓ DRILL, Chicago Prod, Used (D) (30 Lb) (Eng) (Acquisition Cost \$105.00)	1	Lot					
57.	46 ✓ DRILL, Screwdriver, New (A) "Thor" (6 Lb) (Eng) (Acquisition Cost \$40.00)	1	Lot					
58.	46 ✓ DRILL, Screwdriver, New (A) "Thor" (6 Lb) (Eng) (Acquisition Cost \$40.00) NOTE: All quantities and weights indicated on above listed items are approximate only.	1	Lot					
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER				NAME OF BIDDER				

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2.			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 14	CONTRACT NO. D(s)-09-030-011- INVITATION NO. 09-030-S-55-11	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
The Following Items are Located in Warehouse #305-B:							
59.	40-S-NS Saw, Black & Decker, Used (D) (eng) (Acquisition Cost \$90.00)	1	Ea.				
60.	40-S-NS Saw, Van Dorn, Used (D) (Eng) (Acquisition Cost \$90.00)	1	Ea.				
61.	40-S-NS Saw, Black Decker, Used (D) (Eng) (Acquisition Cost \$90.00)	1	Ea.				
62.	40-S-NS Saw, Skilsaw - 2 Ea (Eng) Used (D) Saw, Hall - 1 Ea. Saw, Stanley - 1 Ea. (Total Acquisition Cost \$320.00)	1	Lot				
63.	46 HAMMER, Electric, Milwaukee, Used (D) (2 Ea) (Eng) (90 Lbs) (Total Acquisition Cost \$237.00)	1	Lot				
64.	17-G-NS GENERATOR, Power Unit PE499 (2 Ea) (Sig) Used (C) (Total Acquisition Cost \$6,000.00) *Location - Opposite Wsso. 305-B:*	1	Lot				
65.	25-R-NS ROUGE, Don Junk, Approx. 7 Lb. New (A) (Total Acquisition Cost \$29.12) *Location - Wsso. 305-B:*	1	Lot				
NOTE: All quantities and weights indicated on above listed items are approximate only.							
CAUTION: INSPECT THE PROPERTY							
NAME OF BIDDER							

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO 15	CONTRACT NO. DA(s)-09-030-011- INVITATION NO. 09-030-S-55-11	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID		
					DOLLARS	CENTS	
	The Following Items are Located opposite Warehouse #305-B:						
66.	78-T-NS TRAILER, Searchlight, Tilting Type, 4 Wheel, H-1, Used (D) (Eng) (Acquisition Cost \$3100.00)	1	Each				
67.	182 PALLETES, Wood, Used (D) Misc. Sizes Approx. 300 Each. (Total Acquisition Cost \$1800.00)	1	Lot				
NOTE: All quantities and weights indicated on above listed items are approximate only.							
NOTE: THE FOLLOWING INFORMATION WILL BE FURNISHED BY THE BIDDER:							
				TOTAL AMOUNT OF BID \$			
				20% GUARANTEE DEPOSIT \$			
FOR SALE							
CAUTION: INSPECT THE PROPERTY							
NAME OF BIDDER							

STANDARD FORM 114 AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2	SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE	CONTRACT NO. Da(s)-09-030-611
		INVITATION NO. 09-030-s-55-13
ISSUED BY Salvage Branch, Atlanta General Depot, U.S. Army		DATE OF INVITATION 8 November 1954
ADDRESS Atlanta, Georgia		PAGE NO. NUMBER OF PAGES 1 10

INVITATION

Sealed bids, in One Copy Only subject to the General Sale Terms and Conditions on the reverse hereof, and any special conditions, set forth herein, will be received at Salvage Branch, Whse. 305-D, Atlanta General Depot until 1:30 o'clock P. m., 23 November, 1954, for purchase and removal of Government-owned property listed ~~on~~ on continuation sheets numbered ~~pages 1 through~~ 6 thru 10,

PLACE WHERE BIDS WILL BE PUBLICLY OPENED Salvage Branch, Whse. 305-D, Atlanta Gen Depot, US Army TIME 1:30 P DATE OF BID OPENING 23 November 54

NAME CHARLES E. GOOLSIY, Major, QMC TITLE Property Disposal Officer

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
				DOLLARS	CENTS	
	Special Conditions "A" through "N" inclusive (Pages 3, 4, and 5) are added to subject invitation and make a part thereof.					
FOR SALE						
CAUTION: INSPECT THE PROPERTY						

The property described herein may be inspected between the hours of 8:30 AM 12:30 PM and 1:30 to 3:30 PM on Monday thru Fridays, excluding holidays, 9 thru 22 November, 1954, by contacting CHARLES E. GOOLSIY, Major, QMC, Property Disposal Officer

A bid deposit of 20% percent of the total amount bid, in the form of postal or express money order, or cashier's or certified check, or such other form of security as may be acceptable to the contracting officer, made payable to the Treasurer of the United States, must accompany the bid.

Property must be removed by the successful bidder within 10 calendar days after notice of award, unless otherwise specified in the description or in any special condition, time to be computed from the date of mailing or otherwise furnishing said notice.

BID

DATE OF BID

In compliance with the above invitation, and subject to all the General Sale Terms and Conditions and any special conditions, the undersigned offers and agrees, if this bid be accepted within XXX calendar days (60 calendar days if no period be specified by the bidder) after date of the opening, to purchase any or all of the items described herein upon which prices are quoted, at the price set opposite each item. Bid deposit in the amount of \$ is enclosed.

BIDDER REPRESENTS. (Check appropriate boxes) (1) That the aggregate number of employees of the bidder and its affiliates is ☐ 500 or more, ☐ less than 500. (2) That he ☐ has, ☐ has not, employed or retained a company or person (other than a full-time employee) to solicit or secure this contract, and agree to furnish information relating thereto as requested by the contracting officer.

Bidder Represents Clause superseded. See Condition "7", Page 6.

NAME AND ADDRESS OF BIDDER (Print and number, city and State)

SIGNATURE OF PERSON AUTHORIZED TO SIGN THIS BID

TITLE

ACCEPTANCE BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA DATE OF ACCEPTANCE
ACCEPTED AS TO ITEMS NUMBERED See Attached List

TITLE OF CONTRACTING OFFICER Property Disposal Officer SIGNATURE OF CONTRACTING OFFICER

STANDARD FORM 114
AUGUST 1950 EDITION

CHARLES E. GOOLSIY, Major, QMC

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A

AUGUST 1950

PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.

3

CONTRACT NO.

DA(s)-09-030-01

INVITATION NO.

09-030-s-55-13

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
				DOLLARS	CENTS	
	<u>SPECIAL CONDITIONS:</u>					
	A. The sale of surplus personal property will not be made to officers and enlisted personnel of the Armed Forces on active duty, civilian employees of the military departments to include the Department of Defense, and their immediate families, dependents, or agents, except where sales are made at retail to the general public on a fixed price basis.					
	B. The purchaser or bidder agrees to save the Government harmless from any and all claims, demands, actions, debts, liabilities, judgments, costs, and attorneys fees arising out of, claimed on account of, or in any manner predicated upon loss of or damage to property of and injuries to or the death of any and all persons whatsoever, in any way, caused or contributed to by purchaser or bidder, their agents, servants, or employees, while in, upon or about the military reservation on which the property sold or offered for sale is located; or while going to or departing from the same; and to save the Government harmless from and on account of damages of any kind which Government may suffer as the result of the acts of any of the purchaser's agents, servants, or employees in or about said military reservation.					
	C. All property not removed within ten (10) days from the date of award will be subject to a storage charge. (See General Sale Terms and Conditions, Condition 7, Page 2 of Contract) and such charge will be paid prior to removal of property. Storage charge will be computed on the following basis: For each of the first five (5) days or fraction thereof, including Saturdays, Sundays, and legal holidays, one and three-fourths (1-3/4) cents per hundred (100) pounds or fraction thereof. For the sixth day and each succeeding day or fraction thereof, including Saturdays, Sundays, and legal holidays three and one-half (3-1/2) cents per hundred (100) pounds or fraction thereof. (Extract from Central State Motor Freight Bureau, Motor Freight Tariff No. 224-A, Item 350(G), Page 58). There will be no further communication from the Property Disposal Officer prior to beginning of storage charges at the above rates. Charges for items stored outdoors will be reduced (50%) fifty per cent.					
	D. The use of a bid bond in lieu of a deposit is not authorized.					
	E. The "Bidder Represents" portion appearing on the face sheet of this invitation is deleted and the following representation and agreement substituted therefor: (Cont'd on Page 4)					

CAUTION: INSPECT THE PROPERTY

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDERSTANDARD FORM 114A
AUGUST 1950 EDITION

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 4	CONTRACT NO. DL(s)-09-030-S INVITATION NO. 09-030-s-55-13	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p>SPECIAL CONDITIONS:</p> <p>The bidder (or contractor) represents (Check appropriate Space)</p> <p>(1) That the aggregate number of employees of the bidder and its affiliates is <u>500 or more</u>, <u>less than 500</u> (2) that he <u>has</u>, <u>has not</u>, employed or retained any company or person other than a full time bona fide employee working solely for the bidder (or contractor) to solicit or secure this contract and (3) that he <u>has</u> <u>has not</u> paid or agreed to pay to any company or person other than a full time bona fide employee working solely for the bidder (or contractor) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating thereto as requested by the contracting officer.</p> <p>F. The Government will not load any vehicle. Property sold "as is" and "where is".</p> <p>G. Full 20% bid deposits based on correct and accurate extensions will accompany the bid. Less than full 20% bid deposit will be grounds for rejection of bid.</p> <p>H. This contract shall be subject to the written approval of the Army Commander or the Head of Technical Services having jurisdiction and shall not be binding until so approved. In view of the foregoing, bidders, shall allow twenty (20) to thirty, (30) days for acceptance of bid, in bid portion of face sheet, Standard Form 114.</p> <p>I. Items purchased on this contract will be delivered <u>ONLY</u> to the contractor or his agent. Items resold by the contractor must be removed by the original contractor.</p> <p>J. CASH will not be acceptable as 20% bid deposit on this invitation. Deposits shall be made by certified check, cashier's check, bank draft, postal or express money order, payable to the Treasurer of the United States.</p> <p>K. Variations from the quantity specified in the invitation will, only in rare instances exceed twenty-five per cent (25%) and not in any instance exceed fifty per cent (50%) of the estimated quantities indicated therein.</p>					
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A
AUGUST 1950 EDITION

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES-ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 5	CONTRACT NO. DL(s)-09-030-2 - INVITATION NO. 09-030-s-55-13	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p>SPECIAL CONDITIONS:</p> <p>L. The purchaser agrees to accept railroad weights on shipments involving listed items.</p> <p>M. Estimated weights and number of units, actual or approximate, shown in the description column of listed items are not to be utilized by the bidder in computing or arriving at the total price bid, as the quantity and unit of measure is shown as "1 lot".</p> <p>N. This sale is made under the Exchange Provisions of Section 201c, Public Law 152, 81st Congress.</p> <p>NOTE: Bidders who do not respond to Invitation to Bid mailed to them within three (3) consecutive sales will have their names automatically withdrawn from the mailing list unless they specifically request that their names be retained.</p>					
CAUTION: INSPECT THE PROPERTY NAME OF BIDDER						
EACH SHEET OF BID SHOULD SHOW NAMES OF BIDDER						

UTILIZATION OF SURPLUS PROPERTY

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STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADMINISTRATION
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)

PAGE NO.
6

CONTRACT NO.
DA(S)-09-030-07-
INVITATION NO.
09-030-s-55-13

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
					DOLLARS	CENTS
	The Following Items are Located in	Salvage Metal Yard:				
1.	152-1-B-NS BICYCLES, Used (D)(5 Ea) (Acquisition Cost \$54.17 ea)	1	Lot			
2.	152-1-B-NS BICYCLES, Used (D)(183 Ea) (Acquisition Cost \$54.17 ea)	1	Lot			
3.	152-50 AUTO PARTS, Consisting of Truck Frames, Used (C)(Approx. 30 Ea.) (Approx. 60,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot			
4.	152-50 AUTO PARTS, Consisting of Dodge Truck Bodies (Approx. 20 Ea.) Used (C) (Approx. 20,000 lbs) (Acquisition Cost \$.50 lb)		Lot			
5.	152-50 AUTO PARTS, Consisting of Cargo Truck Bodies, Used (C) (Approx. 16 Ea)(Approx. 32,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot			
6.	152-50 AUTO PARTS, Consisting of Car & Truck Springs, Used (C) (Approx. 100,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot			
7.	152-50 AUTO PARTS, Consisting of Wrecker Frames & Winches, Bomb Service Type Used (C)(Approx. 12,500 lbs) (Acquisition Cost \$.50 lb)	1	Lot			
8.	152-50 AUTO PARTS, Consisting of Wrecker Frames & Winches, Bomb Service Type Used (C) (Approx. 150,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot			

CAUTION: INSPECT THE PROPERTY

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

NAME OF BIDDER

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO 7	CONTRACT NO DA(s) 09-030-Q- INVITATION NO. 09-030-S-55-13	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Salvage Lot		Yard:				
9.	152-50 AUTO PARTS, Consisting of Wrecker Doom & Winches, Swing Typo, Used (C) (Approx. 75,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot				
10.	152-50 AUTO PARTS, Consisting of axels, front & rear, Used (D) (Approx. 100,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot				
11.	152-50 AUTO PARTS, Consisting of Misc. Car & Truck Wheels, Used (C) (Approx. 220,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot				
12.	152-50 AUTO PARTS, Consisting of Pioneer Racks, Used (C) (Approx. 50,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot				
13.	152-50 AUTO PARTS, Consisting of Misc. Engines, Dodge, Ford, International, Etc., Used (D) (Approx. 85,000 lbs) (Approx. 75,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot				
14.	152-55 TUBES, Misc. Car & Truck, Used (D) (Approx. 160,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot				
15.	152-50 AUTO PARTS, Shop Accumulation, Used (C) (Approx. 150,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot				
16.	152-50 AUTO PARTS, Misc. Gears, etc, Used (C) (Approx. 150,000 lbs) (Acquisition Cost \$.50 lb)	1	Lot				
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER					

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 8	CONTRACT NO. DA(s)-09-030-QM- INVITATION NO. 09-030-S-55-13	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	The Following Items are Located in Salvage Metal Yard:					
17.	152-50 AUTO PARTS, Misc. Used (C) (Approx. 125,000 lbs) (Acquisition Cost \$0.50 lb)	1	Lot			
18.	152-50 AUTO PARTS, Misc. Used (C) (Approx. 75,000 lbs) (Acquisition Cost \$0.50 lb)	1	Lot			
19.	152-50 AUTO PARTS, Misc. Used (C) (Approx. 75,000 lbs) (Acquisition Cost \$0.50 lb)	1	Lot			
20.	152-50 AUTO PARTS, Misc. Used (C) (Approx. 100,000 lbs) (Acquisition Cost \$0.50 lb)	1	Lot			
21.	152-50 AUTO PARTS, Misc. Used (C) (Approx. 150,000 lbs) (Acquisition Cost \$0.50 lb)	1	Lot			
22.	152-50 AUTO PARTS, Consisting of chests & cabinets, Used (D) (Approx. 48 Ea.) (Approx. 4,000 lbs) (Acquisition Cost \$0.50 lb)	1	Lot			
23.	152-46 TOOLS, Shop Typo, Fastors, Jacks, Etc, Used (C) (Approx. 4,000 lbs) (Acquisition Cost \$0.50 lb)	1	Lot			
24.	152-52-P-MS PAINT, OD, 5 Gallon Cans, Deteriorated (C) (Approx. 12,905 Gallons) (Acquisition Cost \$2.45 gallon)	1	Lot			
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 9	CONTRACT NO. DA(s)-09-030-Q11 INVITATION NO 09-030-s-55-13	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Salvage Metal Yard:						
25.	152-17-B-NS LENCES, Work, Steel, Used (C) (Approx. 27 Ea) (Acquisition Cost \$25.00 ea)	1	Lot				
26.	152-26-T-NS TABLES, Bench & Desk Type, Steel, Used (C) (Approx. 21 Ea) (Acquisition Cost \$25.00 ea)	1	Lot				
27.	152-14-O-NS OILS & GREASES, Contaminated (D) (Approx. 1400 gallons) (Acquisition Cost \$1.00 gallon)	1	Lot				
28.	152-42-C-NS CLOTH, Emory, Sheets, Approx. 323 sheets, Deteriorated (C) (Total Acquisition Cost \$405.00)	1	Lot				
29.	152-52-C-NS COATING, Bituminous, Aluminum & Mastic, 1 & 5 Gallon Cans, Deteriorated (D) (Approx. 10,660 lbs) (Acquisition Cost Total \$5,330.00)	1	Lot				
30.	152-41-C-NS CABINETS, Spare Parts, Used (C) (Approx. 47 Ea) (Total Acquisition Cost \$5,303.16)	1	Lot				
31.	152-58 TIRES, Truck & Passenger Car, Used (C) (Approx. 50,000 lbs) (Acquisition Cost \$,50 lb)	1	Lot				

CAUTION: INSPECT THE PROPERTY

EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER	NAME OF BIDDER
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STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 10	CONTRACT NO. DA(S)-09-030-Q- INVITATION NO. 09-030-s-55-13	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	The Following Items are Located in Salvage Metal Yard:					
32.	152-58 TIRES, Truck & Passenger Car, Used (C) (Approx. 125,000 lbs) (Acquisition Cost \$0.50 lb)	1	Lot			
33.	152-715 ENGINE, Diesel, GMC, Used (D) (Acquisition Cost \$2500.00)	1	Ea.			
<p>NOTE: THE FOLLOWING INFORMATION WILL BE FURNISHED BY THE BIDDER:</p> <p>TOTAL AMOUNT OF BID \$</p> <p>20% GUARANTEE DEPOSIT \$</p>						
<p>CAUTION: INSPECT THE PROPERTY</p>						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER				NAME OF BIDDER		

INVITATION

PLACE WHERE BIDS WILL BE PUBLICLY OPENED

TIME
1:30 PM

DATE OF BID OPENING
12 October 1954

NAME
CHARLES E. GOOLSBY, Major, OMC

TITLE
Property Disposal Officer

CAUTION: INSPECT THE PROPERTY

The property described herein may be inspected between the hours of 8:30 AM-12:30 PM and 1:30 to 4:00 PM on Mondays thru Fridays, excluding holidays, 28 Sept. thru 11 October, 1954, by contacting CHARLES E. GOOLSEY, Major, OMC, Property Disposal Officer

A bid deposit of 20% percent of the total amount bid, in the form of postal or express money order, or cashier's or certified check, or such other form of security as may be acceptable to the contracting officer, made payable to the Treasurer of the United States, must accompany the bid.

Property must be removed by the successful bidder within... 10... calendar days after notice of award, unless otherwise specified in the description or in any special condition, time to be computed from the date of mailing or otherwise furnishing said notice.

BID

DATE OF BID

In compliance with the above invitation, and subject to all the General Sale Terms and Conditions and any special conditions, the undersigned offers and agrees, if this bid be accepted within XXXX calendar days (60 calendar days if no period be specified by the bidder) after date of the opening, to purchase any or all of the items described herein upon which prices are quoted, at the price set opposite each item. Bid deposit in the amount of \$ XXXXXXXXXXXXXXXXXXXX is enclosed.

RIDER REPRESENTS: On behalf of each of the undersigned employees of the United Brotherhood of Carpenters and Joiners of America, I hereby certify that the foregoing information is true and correct to the best of my knowledge.

NAME AND ADDRESS OF BIDDER (Street and number, city and State)		SIGNATURE OF PERSON AUTHORIZED TO SIGN THIS BID	
		TITLE	
ACCEPTANCE BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA		DATE OF ACCEPTANCE	
ACCEPTED AS TO ITEMS NUMBERED			
See Attached List			
TITLE OF CONTRACTING OFFICER		SIGNATURE OF CONTRACTING OFFICER	
Property Disposal Officer			
STANDARD FORM 114 AUGUST 1962 EDITION		CHARLES E. GOOLSBY, Major, GRC	

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 3	CONTRACT NO. DA(s)-09-030-Q1- INVITATION NO. 09-030-s-55-9	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p>SPECIAL CONDITIONS:</p> <p>A. The bidder certifies that he is not an official or employee of the Department of the Army, officer, enlisted man, civilian employee of the Army Exchange Service, Army Exchanges, the U.S. Army Motion Picture Service or civilian employee of the Army.</p> <p>B. The purchaser or bidder agrees to save the Government harmless from any and all claims, demands, actions, debts, liabilities, judgments, costs, and attorneys fees arising out of, claimed on account of, or in any manner predicated upon loss of or damage to property of and injuries to or the death of any and all persons whatsoever, in any manner caused or contributed to by purchaser or bidder, their agents, servants, or employees, while in, upon or about the military reservation on which the property sold or offered for sale is located; or while going to or departing from the same, and to save the Government harmless from and on account of damages of any kind which Government may suffer as the result of the acts of any of the purchaser's agents, servants, or employees in or about said military reservation.</p> <p>C. All property not removed within ten (10) days from the date of award will be subject to a storage charge (See General Sale Terms and Conditions, Condition 7, Page 2 of Contract) and such charge will be paid prior to removal of property. Storage charge will be computed on the following basis:</p> <p>For each of the first five (5) days or fraction thereof, including Saturdays, Sundays, and legal holidays, one and three-fourths (1-3/4) cents per hundred (100) pounds or fraction thereof. For the sixth day and each succeeding day or fraction thereof, including Saturdays, Sundays, and legal holidays three and one-half (3-1/2) cents per hundred (100) pounds or fraction thereof. (Extract from Central State Motor Freight Bureau. Motor Freight Tariff No. 224-A, Item 350(G), Page 58). There will be no further communication from the Property Disposal Officer prior to beginning of storage charges at the above rates. Charges for items stored outdoors will be reduced (50%) fifty per cent).</p> <p>D. This property has been screened against the known defense requirements of the Federal Government and is surplus to all known requirements of the Federal Government.</p> <p>E. The bidder warrants that he (it) has no interest, direct or indirect in any other bid submitted in response to this invitation. If it should be determined that the bidder has such an interest, then his (its) bid, together with such other bid or bids shall be rejected.</p>					
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 4	CONTRACT NO. DA(s)-09-030-Q1- INVITATION NO. 09-030-s-55-9	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p><u>SPECIAL CONDITIONS:</u></p> <p>F. The United States Criminal Code (18 USC 1001) makes it a criminal offense to wilfully make false statements or misrepresentations to any department or agency of the United States as to any matter within its jurisdiction.</p> <p>G. The use of a bid bond in lieu of a deposit is not authorized.</p> <p>H. The "Bidder Represents" portion appearing on the face sheet of this invitation is deleted and the following representation and agreement substituted therefor:</p> <p>The bidder (or contractor) represents (Check appropriate Space)</p> <p>(1) That the aggregate number of employees of the bidder and its affiliates is <u>500</u> or more, <u>less than 500</u> (2) that he <u>has</u> <u>has not</u>, employed or retained any company or person other than a full time bona fide employee working solely for the bidder (or contractor) to solicit or secure this contract and (3) that he <u>has</u> <u>has not</u> paid or agreed to pay to any company or person other than a full time bona fide employee working solely for the bidder (or contractor) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating thereto as requested by the contracting officer.</p> <p>I. The Government will not load any vehicle. Property sold "as is" and "where is".</p> <p>J. Full 20% bid deposits based on correct and accurate extensions will accompany the bid. Less than full 20% bid deposit will be grounds for rejection of bid.</p> <p>K. This contract shall be subject to the written approval of the Army Commander or the Head of Technical Service having jurisdiction and shall not be binding until so approved. (In view of the foregoing, bidders, shall allow twenty (20) to thirty (30) days for acceptance of bid, in bid portion of face sheet, Standard Form 114).</p>					
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.
6

CONTRACT NO.
DA(s)-09-030-QM-
INVITATION NO.
09-030-S-55-9

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
				DOLLARS	CENTS	
	The Following Items are Located in Warehouse 305-B:					
1.	152-54-M-NS MACHINE, Adding & Subtracting, Used (C) Listing, Electric Operated, w/credit bal. Underwood Sunstrand, 10 Key Keyboard, 8 Col. Mod. 8120 P. SER #312511 (Acquisition Cost \$300.00)	1	Ea.			
2.	152-54-M-NS MACHINE, Adding & Subtracting, Used (C), Electric or hand operated, 8 col. 10 Key K Underwood Sunstrand, Mod. 8120 H.P. SER #424862. (Acquisition Cost \$359.00)	1	Ea.			
3.	152-54-M-NS MACHINE, Adding & Subtracting, Used (C), Listing Electric Operated or hand operated, 10 col. less than 8" carriage Columnar Keyboard Victor SER #A478693 (Acquisition Cost \$308.00)	1	Ea.			
4.	152-54-M-NS MACHINE, Adding & Subtracting, Used (C) Listing, Electric Operated or Hand Operated, 10 col. less than 8" Carriage, Columnar Keyboard Victor. SER #318030, 308389, 317286, A505254, A496765, A454175, A400298, A530160, A400546, A530165, A592172, A530471, A496773, A492636, A465937, A466791, A400530. (17 Ea) (Total Acquisition Cost \$5,236.00)	1	Lot			
CAUTION: INSPECT THE PROPERTY						

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

NAME OF BIDDER

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 6	CONTRACT NO. DA(s)-09-030-QJ- INVITATION NO. 09-030-S-55-9	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
				DOLLARS	CENTS	
	<p><u>SPECIAL CONDITIONS:</u></p> <p>L. Items purchased on this contract will be delivered <u>ONLY</u> to the contractor or his agent. Items resold by the contractor must be removed by the original contractor.</p> <p>M. <u>CASH</u> will not be acceptable as 20% bid deposit on this invitation. Deposits shall be made by certified check, cashier's check, bank draft, postal or express money order, payable to the Treasurer of the United States.</p> <p>N. Purchasers are warned that articles of an explosive nature may remain in the property sold, notwithstanding the care exercised by the Government to remove same. The Government assumes no liability for failure to exclude any such articles and the purchaser agrees that the Government shall have no liability in connection therewith.</p> <p>NOTE: Bidders who do not respond to Invitation to Bid mailed to them within three (3) consecutive sales will have their names automatically withdrawn from the mailing list unless they specifically request that their names be retained.</p>					
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER			NAME OF BIDDER			

STANDARD FORM 114A

AUGUST 1950

PRESCRIBED BY GENERAL SERVICES ADM.

PERSONAL PROPERTY MANAGEMENT

REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.

7

CONTRACT NO.

DA(s)-09-030-QM-

INVITATION NO.

09-030-s-55-9

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER	
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS
	The Following Items are Located in Warehouse 305-B:				
5.	152-54-M-NS MACHINE, Adding & Subtracting, Used (C), Listing Electric Operated, 8 Col. less than 8" carriage, Columnar Keyboard, Burroughs, SER #A460162, A502526 (2 Ea) (Total Acquisition Cost \$484.00)	1	Lot		
6.	152-54-M-NS CALCULATING MACHINE, Non List, Used (C) Electric Operated, Non Automatic, 8 Column, Columnar Keyboard Type, Burroughs Model 51035, SER #405885 (Acquisition Cost \$634.00)	1	Ea.		
7.	152-54-L-NS CALCULATING MACHINE, Non List, Used (C) Electric Operated, Semi Automatic, Multip. 8 col. Marchant Keyboard Type Columnar Mod. 8-D, SER #128283 (Acquisition Cost \$394.00)	1	Ea.		
8.	152-54-M-NS CALCULATING MACHINE, Non List, Hand Operated, Used (C) 10 Col. Columnar Comptometer "Bell & Tarrant", SER #434234, 434398, 434809, 434340, 434200, 416695. (6 Ea) (Total Acquisition Cost \$4,200.00)	1	Lot		
9.	152-54-R-NS REGISTER, Cash, "National" Used (C) SER #A464945 (Acquisition Cost \$1462.00)	1	Ea.		

CAUTION: INSPECT THE PROPERTY

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

STANDARD FORM 113A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 8	CONTRACT NO. DA(s)-09-030-QM- INVITATION NO. 09-030-s-55-9	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
The Following Items are Located Opposite Warehouse #305-B:							
10.	152-66-TR-NS TRUCK, Fork, Gas, Pneumatic Tires, Used (C) 6000 lb. Capacity, 120" Ht. Load Center 25", Ross Autna Mod. 19-HT USA #10345252. (Acquisition Cost \$5,463.00)	1	Ea.				
11.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tire, Used (C) 3000 lb. Capacity, 108" Ht. 15" Load Center, Clark Car- loader, Stack. USA #10301301 (Acquisition Cost \$2100.00)	1	Ea.				
12.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tire, Used (C), 3000 lb. Capacity, 144" Ht. 15" Load Center, Clark Car- loader USA #10301284 (Acquisition Cost \$2100.00)	1	Ea.				
13.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tire, Used (C) 4000 Lb. Capacity, 108" Ht. 15" Load Center, Clark Car- loader Plato USA #10301254 (Acquisition Cost \$7,200.00)	1	Ea.				
14.	152-66-TR-NS TRUCK, Fork Gas, Solid Tire, Used (C) 4000 Lb. Capacity, 108" Ht. 15" Load Center, Clark Car- loader, Plato USA #10300679. (Acquisition Cost \$7,200.00)	1	Ea.				
15.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tire, Used (C) 4000 Lb. Capacity, 108" Ht. 15" Load Center, Clark Car- loader Plato, USA #10301391 (Acquisition Cost \$7200.00)	1	Ea.				
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER					

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADMINISTRATION
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO. 9 CONTRACT NO. DA(s)-09-030-01-
INVITATION NO. 09-030-s-55-9
TO BE SUPPLIED BY BIDDER

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER	
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS
	The Following Items are Located Opposite Warehouse #305-B:				
16.	152-66-TR-NS TRUCK, Fork, Gas, Pnou. Tiros, Used (C) 15,000 lb. Capacity, 120" Ht. 26" Load Center, Ross Model 15 Ht, USA #10345357 (Acquisition Cost \$6,011.00)	1	Ea.		
17.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tiro, Used (C) 4000 lb. Capacity, 108" Ht, Load Center 15" Clark Model: Carloader Plate, USA #10301258 (Acquisition Cost \$2400.00)	1	Ea.		
18.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tiros, Used (C) 4000 lb. Capacity, 108" Ht. Load Center 15" Clark Model Carloader Plate, USA #10301253 (Acquisition Cost \$2400.00)	1	Ea.		
19.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tiros, Used (C) 4000 lb. Capacity, 108" Ht. Load Center 15" Clark Model Carloader Plate, USA #10301267 (Acquisition Cost \$2400.00)	1	Ea.		
20.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tiros, Used (C) 4000 lb. Capacity, 108" Ht, Load Center 15" Clark Car- Loader Plate, USA #10301256. (Acquisition Cost \$2400.00)	1	Ea.		
21.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tiros, Used (C) 4000 lb. Capacity, 108" Ht. Load Center 15" Clark Car- loader Plate, USA #10306489 (Acquisition Cost \$2400.00)	1	Ea.		

CAUTION: INSPECT THE PROPERTY

CAUTION: INSPECT THE PROPERTY

NAME OF BIDDER

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

UTILIZATION OF SURPLUS PROPERTY

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 10	CONTRACT NO. DA(s)-09-030-Q11- INVITATION NO 09-030-S-55-9	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
THE FOLLOWING ITEMS ARE LOCATED OPPOSITE WAREHOUSE #305-B:						
22.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tires, Used (C), 4000 Lb. Capacity, 108" Ht. Load Center 15" Clark Carloader Plato, USA #10301259 (Acquisition Cost \$2400.00)	1	Ea.			
23.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tires, Used (C) 4000 Lb. Capacity, 108" Ht. Load Center 15" Clark Car- loader Plato, USA #10300680 (Acquisition Cost \$2400.00)	1	Ea.			
24.	152-66-TR-NS TRUCK, Fork, Gas, Solid Tires, Used (C) 4000 lb. Capacity, 108" Ht. Load Center 15" Clark Car- loader Plato, USA #10304586 (Acquisition Cost \$2400.00)		Ea.			
NOTE: THE FOLLOWING INFORMATION WILL BE FURNISHED BY THE BIDDER:						
				TOTAL AMOUNT OF BID \$		
				20% GUARANTEE DEPOSIT \$		
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114 AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE		CONTRACT NO. DA(s)-09-030-QM-	
ISSUED BY Salvago Branch, Atlanta General Depot, U.S. Army				INVITATION NO. 09-030-S-55-8	
ADDRESS Atlanta, Georgia				DATE OF INVITATION 20 Sept. 1954	
				PAGE NO. NUMBER OF PAGES 1 15	

INVITATION

Sealed bids, in One Copy Only subject to the General Sale Terms and Conditions on the reverse hereof, and any special conditions, set forth herein, will be received at Salvago Branch, Wiso. 305-B, Atlanta General Depot until 1:30 o'clock P.m., 5 October, 1954, for purchase and removal of Government-owned property listed below and on continuation sheets numbered pages 2 through 6 thru 15.

PLACE WHERE BIDS WILL BE PUBLICLY OPENED
Salvago Branch, Wiso. 305-B, Atlanta Gen Depot, US Army TIME 1:30 PM DATE OF BID OPENING 5 October 1954

NAME CHARLES E. GOOLSBY, Major, QMC		TITLE Property Disposal Officer			
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS
	Special Conditions "A" through "P" inclusive (Pages 3, 4, and 5), are added to subject invitation and made a part thereof.				
	* Bidder Represents Clause Superseded. See Condition "P" Page 4.				
	NOTE: All quantities and weights indicated on items 1 thru 79, as listed on this invitation are approximate only.				

CAUTION: INSPECT THE PROPERTY

The property described herein may be inspected between the hours of 8:30 AM 12:30 PM and 1:30 to 3:30 PM on Mondays thru Fridays, excluding holidays, 21 Sept. thru 4 October, 1954, by contacting CHARLES E. GOOLSBY, Major, QMC, Property Disposal Officer

A bid deposit of 20% percent of the total amount bid, in the form of postal or express money order, or cashier's or certified check, or such other form of security as may be acceptable to the contracting officer, made payable to the Treasurer of the United States, must accompany the bid.

Property must be removed by the successful bidder within 10 calendar days after notice of award, unless otherwise specified in the description or in any special condition, time to be computed from the date of mailing or otherwise furnishing said notice.

BID

DATE OF BID

In compliance with the above invitation, and subject to all the General Sale Terms and Conditions and any special conditions, the undersigned offers and agrees, if this bid be accepted within XXX calendar days (60 calendar days if no period be specified by the bidder) after date of the opening, to purchase any or all of the items described herein upon which prices are quoted, at the price set opposite each item. Bid deposit in the amount of \$ is enclosed.

I, Charles E. Goolsby, Major, QMC, do hereby certify that the signature and name of the bidder and its address is as above and that the bidder is a citizen of the United States and is not a corporation or partnership or other entity that is not a citizen of the United States.

NAME AND ADDRESS OF BIDDER (Street and number, city and State)	SIGNATURE OF PERSON AUTHORIZED TO SIGN THIS BID
	TITLE

ACCEPTANCE BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA	DATE OF ACCEPTANCE
ACCEPTED AS TO ITEMS NUMBERED	

See Attached List

TITLE OF CONTRACTING OFFICER Property Disposal Officer	SIGNATURE OF CONTRACTING OFFICER CHARLES E. GOOLSBY, Major, QMC
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STANDARD FORM 114
AUGUST 1950 EDITION

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 3	CONTRACT NO. DA(s)-09-030-Q1- INVITATION NO. 09-030-s-55-G	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p><u>SPECIAL CONDITIONS:</u></p> <p>A. The bidder certifies that he is not an official or employee of the Department of the Army, officer, enlisted man, civilian employee of the Army Exchange Service, Army Exchanges, the U.S. Army Motion Picture Service, or civilian employee of the Army.</p> <p>B. The purchaser or bidder agrees to save the Government harmless from any and all claims, demands, actions, debts, liabilities, judgments, costs, and attorneys fees arising out of, claimed on account of, or in any manner predicated upon loss of or damage to property of and injuries to or the death of any and all persons whatsoever, in any manner caused or contributed to by purchaser or bidder, their agents, servants or employees, while in, upon or about the military reservation on which the property sold or offered for sale is located; or while going to or departing from the same; and to save the Government harmless from and on account of damages of any kind which Government may suffer as the result of the acts of any of the purchaser's agents, servants, or employees in or about said military reservation.</p> <p>C. All property not removed within ten (10) days from the date of award will be subject to a storage charge (See General Sale Terms and Conditions, Condition 7, Page 2 of Contract) and such charge will be paid prior to removal of property. Storage charge will be computed on the following basis:</p> <p>For each of the first five (5) days or fraction thereof, including Saturdays, Sundays, and legal holidays, one and three-fourths (1-3/4) cents per hundred (100) pounds or fraction thereof. For the sixth day and each succeeding day or fraction thereof, including Saturdays, Sundays, and legal holidays three and one-half (3-1/2) cents per hundred (100) pounds or fraction thereof. (Exempt from Central State Motor Freight Bureau, Motor Freight Tariff No. 224-A, Item 350 (G), Page 58). There will be no further communication from the Property Disposal Officer prior to beginning of storage charges at the above rates. Charges for items stored outdoors will be reduced (50%) fifty per cent.</p> <p>D. This property has been screened against the known defense requirements of the Federal Government and is surplus to all known requirements of the Federal Government.</p> <p>E. The bidder warrants that he (it) has no interest, direct or indirect in any other bid submitted in response to this invitation. If it should be determined that the bidder has such an interest, then his (its) bid, together with such other bid or bids shall be rejected.</p>					
CAUTION: INSPECT THE PROPERTY		NAME OF BIDDER				
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER						

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 2

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.
4

CONTRACT NO.
DA(s)-09-030-Q1-
INVITATION NO.
09-030-S-55-0

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER	
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS
	<p><u>SPECIAL CONDITIONS:</u></p> <p>E. The United States Criminal Code (18 USC 1001) makes it a criminal offense to wilfully make false statements or misrepresentations to any department or agency of the United States as to any matter within its jurisdiction.</p> <p>G. The use of a bid bond in lieu of a deposit is not authorized.</p> <p>H. The "Bidder Represents" portion appearing on the face sheet of this invitation is deleted and the following representation and agreements substituted therefor:</p> <p>The bidder (or contractor) represents (Check appropriate space)</p> <p>(1) That the aggregate number of employees of the bidder and its affiliates is <u>500 or more</u>, <u>less than 500</u> (2) that he <u>has</u>, <u>has not</u>, employed or retained any company or person other than a full time bona fide employee working solely for the bidder (or contractor) to solicit or secure this contract and (3) that he <u>has</u>, <u>has not</u> paid or agreed to pay to any company or person other than a full time bona fide employee working solely for the bidder (or contractor) any fee, Commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating thereto as requested by the contracting officer.</p> <p>I. The Government will not load any vehicle. Property sold "as is" and "where is".</p> <p>J. Full 20% bid deposits based on correct and accurate extensions will accompany the bid. Less than full 20% bid deposit will be grounds for rejection of bid.</p> <p>K. This contract shall be subject to the written approval of the Army Commander or the Head of Technical Service having jurisdiction and shall not be binding until so approved. In view of the foregoing, bidders shall allow twenty (20) to thirty (30) days for acceptance of bid, in bid portion of face sheet, Standard Form 114.</p>				
<p>CAUTION: INSPECT THE PROPERTY</p> <p>EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER</p> <p>NAME OF BIDDER</p>					

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 5	CONTRACT NO. DA(s)-00-030-Q1- INVITATION NO. 00-030-s-55-8	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	<p>SPECIAL CONDITIONS:</p> <p>L. Items purchased on this contract will be delivered <u>ONLY</u> to the contractor or his agent. Items resold by the contractor must be removed by the original contractor.</p> <p>M. CASH will not be acceptable as 20% bid deposit on this invitation. Deposits shall be made by certified check, cashier's check, bank draft, postal or express money order, payable to the Treasurer of the United States.</p> <p>N. Variations from the quantity specified in the invitation will, only in rare instances exceed twenty-five per cent (25%) and not in any instance exceed fifty per cent (50%) of the estimated quantities indicated therein.</p> <p>O. The purchaser agrees to accept railroad weights on shipments involving listed items.</p> <p>P. Purchasers are warned that articles of an explosive nature may remain in the property sold, notwithstanding the care exercised by the Government to remove same. The Government assumes no liability for failure to exclude any such articles and the purchaser agrees that the Government shall have no liability in connection therewith.</p> <p>NOTE: Bidders who do not respond to Invitation to Bid mailed to them within three (3) consecutive sales will have their names automatically withdrawn from the mailing list unless they specifically request that their names be retained.</p>					
CAUTION: INSPECT THE PROPERTY NAME OF BIDDER						

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 2

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.
6

CONTRACT NO.

DA (S)-09-030-Q1-

INVITATION NO.

09-030-S-55-8

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS	CENTS
	The Following Items are Located in Salvage Metal Yard:					
1.	ITEM 1 ALUMINUM SCRAP & BORINGS, Un- prepared, Used (D)(2000 lbs)(Ord) (Acquisition Cost \$.50 lb)	1	Lot			
2.	ITEM 6 BRASS SCRAP, Used (D) Unprepared, (3000 lbs)(Ord) (Acquisition Cost \$.50 lb)	1	Lot			
3.	ITEM 9 COPPER SCRAP, Unprepared, Used (D) (1500 lbs) (Ord) (Acquisition Cost \$.50 lb)	1	Lot			
4.	ITEM 10 FIRE, Insulated, Baled & on Rails, Unprepared, Used (D)(15,000 lbs)(Sig) (Acquisition Cost \$.25 lb)	1	Lot			
5.	ITEM 14 CABLE, Lead & Steel Covered, Un- prepared, Used (D)(2500 lbs)(Sig) (Acquisition Cost \$.40 lb)	1	Lot			
6.	ITEM 18 SCRAP BATTERIES, Drained, Un- prepared, Used (D)(35,000 lbs)(Ord) (Acquisition Cost \$.40 lb)	1	Lot			
7.	ITEM 32 CAST IRON, Misc., Unprepared, Used (D)(10 Gross Ton)(Ord) (Acquisition Cost \$120.00 ton)	1	Lot			
8.	ITEM 32 CAST IRON, Unprepared, Used (D) (Wash Basins)(1500 lbs)(Depot Fac.) (Acquisition Cost \$.50 lb)	1	Lot			

CAUTION: INSPECT THE PROPERTY

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

NAME OF BIDDER

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 7	CONTRACT NO. DA(s)-09-030-01- INVITATION NO 09-030-S-55-3	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER	PRICE BID		
					PRICE PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
The Following Items are Located in Salvage Lot 1 Yard:							
9.	ITEM 33 LIGHT METAL BUNDLES, Prepared, Used (D) (150 Gross Ton)(Ord) (Acquisition Cost \$1120.00 ton)	1	Lot				
10.	ITEM 34 SCRAP STEEL, Mixed, Unprepared, Used (D) (Ord) (150 Gross Ton) (Acquisition Cost \$1120.00 ton)	1	Lot				
11.	ITEM 34 SCRAP STEEL (Roll Flaves)Used (D) Unprepared, (10,000 lbs)(Signal) (Acquisition Cost \$1120.00 ton)	1	Lot				
12.	ITEM 37 PIPE TRANSITE, Used (C)(2000 lbs) (Sig) (Acquisition Cost \$25 1b)	1	Lot				
13.	ITEM 41 STOVE PARTS, Unprepared, Used (D) (3570 lbs)(Eng) (Acquisition Cost \$.50 1b)	1	Lot				
14.	ITEM 50 AUTO PARTS, Used (C) (4000 lbs)(Eng) (Acquisition Cost \$.50 1b)	1	Lot				
15.	ITEM 53 FIRE & SUCTION HOSE, Used (D) (2150 lbs)(Eng) (Acquisition Cost \$.50 1b)	1	Lot				
16.	6-R-NS REELS, Steel, Large, Unprepared, Used (D) (77 Ea)(Signal) (Acquisition Cost \$102.00 ea)	1	Lot				
17.	8-B-NS BODIES, Cargo, Used (D) (3 Ea)(Ord) (Acquisition Cost \$350.00 ea)	1	Lot				
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER					

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 8	CONTRACT NO. DL(s)-C9-C30-01-		
					INVITATION NO. 09-030-S-55-8			
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER				
				PRICE B'D PER UNIT	TOTAL PRICE B'D DOLLARS CENTS			
	The Following Items are Located in Salvage Lot at Yard:							
18.	8-F-NS FRAMES, Truck & Jeep, Used (C) (5 Ea)(Ord) (Acquisition Cost \$35.00 ea)	1	Lot					
19.	10-11-NS ENGINE, American La Franco, Used (C) (Eng) (Acquisition Cost \$750.00)	1	Ea.					
20.	11-P-NS PUMPS, Water, One Trailer Mtd, Used (C) (5 Ea)(Eng) (Acquisition Cost \$300.00 ea)	1	Lot					
21.	17-C-NS BATTERY CHARGER, Used (C) (Ord) (Acquisition Cost \$445.00)	1	Ea.					
22.	17-C1-NS BRACH, Cross Arms, Used (C)(Eng) (594 Pr.) (Acquisition Cost \$3.50 pr.)		Lot					
23.	17-G-NS GENERATOR, Misc. Used (C)(5 Ea)(Eng) (Acquisition Cost \$772.00)	1	Lot					
24.	17-G-NS GENERATORS, Misc. Used (C)(54 Ea) (Eng) 2.5 KVA 125 Volts 1 Phase 60 cycle or 3.0 KVA 125 Volts 3 Phase 60 cycle. (Acquisition Cost \$510.00 ea)	1	Lot					
25.	17-G-NS GENERATORS, Misc. Used (C)(3 Ea) (Eng) 2.5 KVA 125 Volts 1 Phase 60 cycle or 3.0 KVA 125 Volts 3 Phase 60 cycle. (Acquisition Cost \$510.00 ea)	1	Lot					
CAUTION: INSPECT THE PROPERTY								
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER				NAME OF BIDDER				

STANDARD FORM 114A AUGUST 1960 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 9	CONTRACT NO. DA(s)-09-030-Q11- INVITATION NO. 09-030-S-55-8	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
The Following Items are Located in Salvage Metal Yard:							
26.	17-G-NS GENERATORS, Misc, Used (C)(5 Ea) (Eng) 2.5 KVA 125 Volts 1 Phase 60 cycle or 3.0 KVA 125 Volts 3 phase 60 cycle. (Acquisition Cost \$510.00 ea)	1	Lot				
27.	17-TA-NS TRANSFORMERS, Used (C) (3 Ea)(Eng) (Acquisition Cost \$93.00 ea)	1	Lot				
28.	17-W-NS WELDERS, Motor Driven, Gas, Used (C) (2 Ea) (Eng) (Acquisition Cost \$1195.00 ea)	1	Lot				
29.	40-A-NS AGITATOR, Paint, Used (C)(2 Ea) (Eng) (Acquisition Cost \$185.00 ea)	1	Lot				
30.	40-BB-NS BAR, Boring, Used (C). (Eng) (Acquisition Cost \$400.00)	1	Ea.				
31.	40-IB-NS BRAKE RELINING MACHINE, Used (S)(Eng) (Acquisition Cost \$275.00)	1	Ea.				
32.	40-CS-NS CLEANER, Steam, Used (C)(3 Ea)(Eng) (Acquisition Cost \$975.00 ea)	1	Lot				
33.	40-G-NS BENCH, Grinders, Used (C) (4 Ea)(Eng) (Acquisition Cost \$100.00 ea)	1	Lot				
34.	40-H-NS HOIST, Chain, Used (C)(2 Ea)(Eng) (Acquisition Cost \$166.00 ea)	1	Lot				
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER				NAME OF BIDDER			

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADMINISTRATION PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO 10	CONTRACT NO. DA(g)-09-030-QM- INVITATION NO. 09-030-g-55-8		
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER				
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS			
	The Following Items are Located in Salvage Hotel Yard:							
35.	40-SH-NS MACHINE, Shaper, Used (C)(Eng) (Acquisition Cost \$3285.00)	1	Ea.					
36.	40-HB-NS HONE BUSHING, Used (C)(Eng) (Acquisition Cost \$1110.00)	1	Ea.					
37.	40-S-NS SAW, Chain & Band, Used (C)(2Ea)(Eng) (Acquisition Cost \$227.00 ea)	1	Lot					
38.	40-S-NS SAW, Hack, Electric, Used (C) (2 Ea)(Eng) (Acquisition Cost \$986.00 ea)	1	Lot					
39.	41-J-NS JACKS, Roller Type, Used (C) (4 Ea) (Eng) (Acquisition Cost \$125.00 ea)		Lot					
40.	40-SB-NS SAND BLASTING MACHINE, Used (C) (7 Ea)(Eng) (Acquisition Cost \$1100.00 ea)	1	Lot					
41.	41-M-NS LAWN MOWERS, Used (C) (3 Ea)(Eng) (Acquisition Cost \$55.00 ea)	1	Lot					
42.	41-M-NS MOWING MACHINE, Used (C)(2 Ea)(Eng) (Acquisition Cost \$96.00 ea)	1	Lot					
43.	41-P-NS PRESS, Hydraulic, Used (C)(2 Ea)(Eng) (Acquisition Cost \$700.00 ea)	1	Lot					

CAUTION: INSPECT THE PROPERTY

EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER	NAME OF BIDDER
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STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 2			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 11	CONTRACT NO. DA(s)-09-030-Q-1- INVITATION NO 09-030-s-55-8	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in	Salvage Mater	Yard:				
44.	✓ 41-ST-NS STOVES, Coal, Used (C) (4 Ea) (Depot Facilities) (Acquisition Cost \$68.00 ea)	1	Lot				
45.	✓ 42-N-NS MILLS, Mixed, Now (A) (19,350 lbs) Depot Facilities (Acquisition Cost \$.10 lb)	1	Lot				
46.	51-CAR-NS CARBIDE, (1900 lbs) Deteriorated (Total Acquisition Cost \$184.30)	1	Lot				
47.	51-CL-NS CYLINDER, Gas, Used (C) (99 Ea)(Eng) (Acquisition Cost \$40.00 ea)	1	Lot				
48.	✓ 52-P-NS PAINT, Lacquer & Thinner, Deteriorated, (2850 Gallons)(Sig) (Acquisition Cost \$6.75 gallon)	1	Lot				
49.	50-E-NS FIRE EXTINGUISHER, Used (C) (1 Ea) (100 Ea)(Depot Facilities) (Acquisition Cost \$12.50 Ea)	1	Lot				
50.	50-T-NS TANKS, Steel, (Approx. 200 Gallons) Used (C) (5 Ea)(Depot Facilities) (Acquisition Cost \$55.00 ea)	1	Lot				
51.	60-B-NS BOILERS, Steam, Used (C) (3 Ea)(Eng) (Acquisition Cost \$95.00 ea)	1	Lot				
52.	60-GS-NS GENERATOR, Steam, Used (C)(Eng) (Acquisition Cost \$250.00)	1	Ea.				
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER				NAME OF BIDDER			

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3				SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 12	CONTRACT NO. DA(s)-09-030-QM-	
						INVITATION NO. 09-030-s-55-0		
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER				
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS			
	The Following Items are Located in Salvage Metal Yard:							
53.	66-C-NS COMPRESSORS, Used (C)(12 Ea)(Eng) (6 LoRoi)(3 Regular)(3 Wheelbarrow) (Acquisition Cost \$450.00 ea)	1	Lot					
54.	66-CONV-NS CONVEYORS, Gravity Roller, (43 Ea) Used (C)(Ord) (Acquisition Cost \$25.00 ea)	1	Lot					
55.	66-CONV-NS CONVEYOR, Loader, Used (C) (Eng) (Acquisition Cost \$3500.00)	1	Ea.					
56.	66-DU-NS DISTILLATION UNIT, Used (C)(Eng) (Acquisition Cost \$10,200.00)	1	Ea.					
57.	66-R-NS ROLLER ROAD (Self Propelled) Large Used (C) (2 Ea) (Eng) (Acquisition Cost \$3780.00 ea)	1	Lot					
58.	69-T-NS TRAILERS, Searchlight, Used (C) (7 Ea)(Depot Facilities) (Acquisition Cost \$3000.00 ea)	1	Lot					
59.	69-W-NS WHEELBARROW, Used (C)(Depot Fac.) (Acquisition Cost \$20.00)	1	Ea.					
60.	78-B-NS BUCKET DRAGLINE (1 Ea) BUCKET CLAMSHELL (2 Ea) Used (C) (Eng) (Acquisition Cost \$849.00 ea)	1	Lot					
61.	78-BC-NS BOOM For Crane, Used (C) (Eng) (Acquisition Cost \$3500.00)	1	Ea.					
CAUTION: INSPECT THE PROPERTY								
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER				NAME OF BIDDER				

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3			SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 13	CONTRACT NO. DA(s)-09-030-011- INVITATION NO. 09-030-8-55-3	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER			
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS		
	The Following Items are Located in Salvage Metal Yard:						
62.	7C-BD-NS BLADE, Bulldozer, Used (C)(3 Ea) (Eng) (Acquisition Cost \$660.00 ea)	1	Lot				
63.	7C-CA-NS CANNON, 2 Yd, LeTourneau, Used(C) (Eng) USAF #056047(2 Ea) (Acquisition Cost \$5720.00 ea)	1	Lot				
64.	7C-CR-NS CRANE, 1/2 yd., Bucyrus Erie, w/o boom, Used (C) (Eng) (Acquisition Cost \$3,329.00)	1	Ea.				
65.	7C-G-NS MOTOR GRADER, Caterpillar, U.S. #00735, Used (C) (Eng) (Acquisition Cost \$7360.00)	1	Ea.				
66.	7C-L-NS LUBRICATOR, w/compressor, Used (C) (Eng)(5 Ea) (Acquisition Cost \$1550.00 ea)	1	Lot				
67.	7C-S-NS SWEEPER, Towed Type, Used (C) (Eng) (Acquisition Cost \$1200.00)	1	Ea.				
68.	7C-T-NS TRAILER, Lowbed, (Poor Condition) Used (C) (Eng) (Acquisition Cost \$3100.00)	1	Ea.				
69.	7C-SD-NS DRYER, Sand, Used (C)(4 Ea)(Eng) (Acquisition Cost \$95.00 ea)	1	Lot				
CAUTION: INSPECT THE PROPERTY							
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER			NAME OF BIDDER				

STANDARD FORM 114A AUGUST 1950 PRESCRIBED BY GENERAL SERVICES ADM. PERSONAL PROPERTY MANAGEMENT REGULATION NO. 3		SALE OF GOVERNMENT PROPERTY INVITATION, BID, AND ACCEPTANCE (CONTINUATION SHEET)		PAGE NO. 14	CONTRACT NO. DA(s)-09-030-Q1- INVITATION NO 09-030-S-55-S	
ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID DOLLARS CENTS	
	The Following Items are Located in	Salvage Metal Yard:				
70.	70-TC-NS TRACTORS, Case (4 Ea)(Eng) Used (C) 2 w/mowers 861554 and 861924 2 w/o mowers 85516 and 825610 (Acquisition Cost \$3640.00 ea)	1	Lot			
71.	170-A-NS ACID, Sulphuric, Condition Good, Used (C) (229 lbs) (Eng) (Acquisition Cost \$.15 lb)	1	Lot			
72.	597 TRUCK, GMC, w/medical body, Used (D) (3 Ea) USA #23391, 60131167, and 09115996 (Medical) (Acquisition Cost \$6435.00 ea)	1	Lot			
73.	454 TRUCK, 1½ ton, Ford, w/tank & Pump, Used (C) USA #3012075, (Depot Fac) (Acquisition Cost \$6500.00)		Ea.			
	The Following Item is Located at Burning Dump North of 610:					
74.	ITEM 144 DRUMS, Empty, Used (D) Approx 1850 Ea. with and without heads (Q1) (Acquisition Cost \$6.00 ea)	1	Lot			
	The Following Items are Located in		Salvage Woodyard:			
75.	ITEM 59 D-NS DOORS, Wood, Now (B) 22½" x 6'6", Approx. 100 ea. (Depot Facilities) (Acquisition Cost \$10.00 ea)	1	Lot			
CAUTION: INSPECT THE PROPERTY						
EACH SHEET OF BID SHOULD SHOW NAME OF BIDDER		NAME OF BIDDER				

STANDARD FORM 114A
AUGUST 1950
PRESCRIBED BY GENERAL SERVICES ADM.
PERSONAL PROPERTY MANAGEMENT
REGULATION NO. 3

SALE OF GOVERNMENT PROPERTY
INVITATION, BID, AND ACCEPTANCE
(CONTINUATION SHEET)

PAGE NO.

15

CONTRACT NO.

Da(s)-09-030-011-

INVITATION NO.

09-030-s-55-3

ITEM NO.	DESCRIPTION AND LOCATION OF PROPERTY	QUANTITY (Number of Units)	UNIT OF MEASURE	TO BE SUPPLIED BY BIDDER		
				PRICE BID PER UNIT	TOTAL PRICE BID	
				DOLLARS	CENTS	
	The Following Items are Located in Salvago Woodyard:					
76.	59-D-NS DOORS, Wood, Used (D) Misc. Sizes (7 Ea) (Depot Facilities) (Acquisition Cost \$10.00 ea)	1	Lot			
77.	56-D-NS DOORS, Screens, Used (D) Misc. Sizes (20 Ea) (Depot Facilities) (Acquisition Cost \$8.00 ea)	1	Lot			
78.	59-D-NS SCREENS, Window, Used (D) Misc. Sizes, Approx. 100 Ea. (Depot Fac.) (Acquisition Cost \$5.00 ea)	1	Lot			
79.	ITEM 146 BOXES, Wood, Metal Top & Corners, Used (C) (Approx. 22 Ea) (Depot Fac.) (Acquisition Cost \$6.00 ea)	1	Lot			
NOTE: THE FOLLOWING INFORMATION WILL BE FURNISHED BY THE BIDDER:						
				TOTAL AMOUNT OF BID \$		
				20% GUARANTEE DEPOSIT \$		
CAUTION: INSPECT THE PROPERTY						

EACH SHEET OF BID
SHOULD SHOW NAME
OF BIDDER

NAME OF BIDDER

THE SENATE, STATE OF SOUTH CAROLINA,
Columbia, February 15, 1955.

Hon. JOHN W. McCORMACK,
Chairman, Special Subcommittee of the House Committee on Government Operations, Washington, D. C.

DEAR CONGRESSMAN McCORMACK: Since my duties in the South Carolina Senate and my business prevents me from appearing in person before your committee on H. R. 3322, it will be appreciated if you will accept this as a record for the hearings.

It was my opinion that the intent of Congress on the donation program was spelled out in Public Law 152, 81st Congress, but it seems that the Department of Defense has bypassed the will of Congress. It would be tragic to permit the DOD to kill a program that is accomplishing so much good for the welfare of our country.

Modern equipment of war has become so technical that it is highly desirable to use all possible surplus property to better train our potential soldiers, sailors, marines, and airmen. It is so obvious that the DOD should be the first to realize this that one could look for ulterior motives.

With the rapid increase in population it is impossible from a county, State, or national level to furnish adequate facilities for educational and health institutions. The partial answer is to pass H. R. 3322 as written and this I hope will be done.

Very sincerely yours,

W. EDWIN MYRICK,
Senator, Allendale County.

THE SENATE, STATE OF SOUTH CAROLINA,
Columbia, February 15, 1955.

Hon. JOHN W. McCORMACK,
Chairman, Special Subcommittee of the House Committee on Government Operations, Washington, D. C.

DEAR CONGRESSMAN McCORMACK: It has been called to my attention that the Department of Defense has issued a directive that virtually tolls the death knell of the donation program. It would be a pleasure to appear before your honorable committee in person in behalf of the enactment of H. R. 3322, but circumstances prevent me from doing so, therefore, will you please accept this as testimony?

My opinion is that property purchased by taxpayers belongs to the taxpayers and not to any department or bureau that might have custody of the property. If this be the case, then why not let the taxpayer's property (after it has no further Federal usage) be used by hospitals and schools for the benefit of the taxpayers?

Apparently the Department of Defense is acting contrary to the will of Congress and it is hoped this bad situation will be corrected once and for all time by Congress now assembled.

Very truly yours,

WILLIAM P. YONCE,
Senator, Edgefield County.

THE SENATE,
STATE OF SOUTH CAROLINA,
Columbia, February 15, 1955.

Hon. JOHN W. McCORMACK,
Member of Congress, Chairman, Special Subcommittee of the House Committee on Government Operations, Washington, D. C.

DEAR CONGRESSMAN McCORMACK: Having been Senator from McCormick County prior to and after the inception of the donation program, puts me in a position to judge the merits. Being in the position that I am in, I am vitally interested in and closely associated with the educational and health programs from the standpoint of my county, also the State of South Carolina.

With the increasing need for education and health facilities it behooves every public servant to make the best possible use of property, both personal and real for the betterment of these institutions.

It is my firm conviction when property is no longer needed by the Federal Government that the best usage of such property is to donate same to educational

and health institutions, in order to make our country stronger in peacetime and during emergencies.

Please accept this for the record of the hearings on H. R. 3322.

Sincerely yours,

LAWRENCE L. HESTER,
Senator, McCormick County.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 14, 1955.

Hon. JOHN W. McCORMACK,
*Chairman, Subcommittee on Donable Property,
Committee on Government Operations, Washington 25, D. C.*

DEAR COLLEAGUE: I wish to go on record in favor of your bill, H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

I understand that hearings will be held tomorrow by your subcommittee. I have had several communications from constituents favoring the adoption of this proposed legislation.

Sincerely yours,

THOMAS J. LANE.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 16, 1955.

Hon. WILLIAM L. DAWSON, M. C.,
*Chairman of the House Committee on
Government Operations, Washington, D. C.*

DEAR CONGRESSMAN DAWSON: I would like to express my wholehearted support of H. R. 3322, as proposed by Hon. John W. McCormack, of Massachusetts.

Donable property channeled to educational and health activities of our country is of far greater benefit to our country than even the original cost of this property.

Development of our children and youth in both health and education is our greatest national resource.

Sincerely yours,

COYA KNUTSON, M. C.

ST. PAUL, MINN., *February 15, 1955.*

Hon. JOHN W. McCORMACK,
*Chairman, Special Subcommittee on Donable Property,
House Committee on Government Operations,
Old House Office Building:*

Commend your effort to improve surplus property program for education and health purposes. Proposals in H. R. 3322 will be of great help in furthering Minnesota education and health efforts.

ORVILLE L. FREEMAN,
Governor of Minnesota.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 16, 1955.

Hon. ORVILLE L. FREEMAN,
Governor of Minnesota, State Capitol, St. Paul, Minn.

DEAR ORVILLE: Thanks for the telegram. I am enclosing a copy of the statement sent to the House Committee on Government Operations in support of H. R. 3322, the donable surplus property bill, which was introduced by Hon. John W. McCormack, of Massachusetts.

I sincerely hope that this bill is passed, because it means so much to our small towns where we have so many children in our schools and so few supplies. Our hospitals and other institutions will benefit from this bill also.

In the event you have not had a chance to read this bill through completely I am also sending a copy of H. R. 3322 as it was introduced by Congressman McCormack.

With kind personal regards, I am,
Sincerely yours,

COYA KNUTSON, M. C.

STATEMENT OF THE NATIONAL ASSOCIATION OF CIVIL DEFENSE DIRECTORS

(By Brig. Gen. William Hesketh, president of the association and civil defense director of Connecticut)

The National Association of Civil Defense Directors of which I am president is composed of all State and Territorial civil defense directors. State and local civil defense directors have long been interested in acquiring surplus property for use in case of atomic attack or serious natural disasters such as hurricanes or other catastrophes. Our proposed amendment to H. R. 3322 would make this possible.

Since January 1951, when the Federal Civil Defense Administration was established by Public Law 920, 81st Congress, many millions of dollars worth of surplus property needed by civil defense organizations have been disposed of by sale to private individuals. This includes such items as blankets, litters, generators, communications equipment, emergency field equipment, and vehicles. In one instance, a State purchased 10,000 surplus Army litters from a private dealer for \$9.98 each, only to learn later that the dealer had bought them at a sale from the Army for \$4 each. There are many other similar examples.

The Federal Civil Defense Administrator and the State and local directors have for nearly 2 years endeavored to obtain legislation to make this material available to civil defense. H. R. 3322, as amended, would make this possible.

The proposed amendment reads as follows:

On page 2, line 4: Strike the period, insert comma and add: "or for civil defense purposes," and also on page 2, line 9: Strike the period, insert comma and add: "or the Administrator of the Federal Civil Defense Administration."

To show the interest of the States and cities in this legislation I refer you to the following resolution unanimously adopted by the United States Civil Defense Council at its national conference at Memphis on October 29, 1954. Over 300 city and county civil-defense directors are members of this organization.

The resolution follows:

"SURPLUS PROPERTY

"That the Federal Civil Defense Administration take the strongest possible action to bring about legislation enabling the State and local civil defense organization to acquire surplus property and to indicate to this council the steps which can be taken at State and local levels to aid the Federal Civil Defense Administration in this matter;

"That pending passage of such laws, FCDA make available to States and their political subdivisions, the surplus property now obtainable by FCDA under existing legislation;

"That President Malone appoint a committee or committees of qualified persons to work vigorously for these two actions and to consult with FCDA and other associates to this end."

The National Association of Civil Defense Directors requests the speedy enactment of H. R. 3322 as amended to include civil defense purposes in the interest of economy and for the national security.

SHELburnE FALLS SCHOOL UNION,
Shelburne Falls, Mass., February 11, 1955.

HON. JOHN W. HESELTON,
*House of Representatives,
House Office Building, Washington, D. C.*

DEAR MR. HESELTON: I would like to ask your support of bill H. R. 3322 when it comes up for hearing on February 15.

This bill, I understand, is to make it possible for Government agencies to turn surplus property over to schools and hospitals for use. In the past we have been most fortunate in obtaining some of this property. It has made it possible

for our schools to have things which would not have been possible if we had paid full price on the open market.

I feel it is one way our Federal Government can help the local school situation expense-wise, with very little cost to our Federal Government.

Very truly yours,

PHILLIP M. HALLOWELL,
Superintendent.

OFFICE OF SUPERINTENDENT OF SCHOOLS,
North Adams, Mass., February 11, 1955.

Hon. JOHN W. HESELTON,
House of Representatives,
Washington, D. C.

DEAR REPRESENTATIVE HESELTON: I earnestly request your active support of pending legislation (H. R. 3322 and S. 1004) affecting the equitable and appropriate disposal of surplus Government property.

In our community the vocational program would have been seriously handicapped except for the opportunities made possible by the present disposal program. However, we still need to replace some of our antiquated machines with more modern types and to increase the effectiveness of our program by the acquisition of equipment that we are unable to purchase because of the steadily increasing school budget and school-building problem.

Therefore, it would seem that any property purchased by the taxpayers for public use might, when feasible, be more profitably reassigned for continued public use.

Yours very truly,

CHARLES H. McCANN,
Director, North Adams Trade School.

TEMPLE UNIVERSITY,
Philadelphia, Pa., February 16, 1955.

Congressman JOHN W. McCORMACK,
Capitol Building, Washington, D. C.

DEAR MR. McCORMACK: Mr. Ray Ward called my residence last evening and informed me that it would not be necessary for me to appear before your committee this morning. He suggested that I send to you a few remarks for incorporation in the report. Attached find facts which we believe are very convincing as to the need for the continuation and improvement of a program that will permit educational institutions to receive surplus materials on a donable basis.

If we can be of additional service through the preparation of material or through personal appearance, please do not hesitate to call upon us.

Sincerely yours,

CHARLES E. METZGER,
Administrative Assistant to the President.

TEMPLE UNIVERSITY,
Philadelphia, Pa., February 16, 1955.

Congressman JOHN W. McCORMACK,
Capitol Building, Washington, D. C.

DEAR MR. McCORMACK: We are indeed happy and eager to tell you and the members of your committee about some of our experiences in the utilization of property acquired through various methods of distribution of Government surplus materials.

The students in all divisions of Temple University have been benefited greatly through the surplus-disposal programs. Attached find a copy of a letter dated December 19, 1947, to Mr. Arthur M. Hedges, Chief of the Information Division of the War Assets Administration which sets forth clearly our participation in the programs. A revision of the second paragraph would bring totals to date as follows:

1. The estimated fair value of surplus property acquired through disposal programs, \$3,147,116.16.

2. The cost to Temple University in acquiring these materials has been \$379,626.27. (This amount includes \$300,000 paid for the building presently used as our dental-pharmacy school.)

We have found the present arrangement with the Pennsylvania State Agency for Surplus Property to be most satisfactory. As surplus materials have become available in our area, we have been informed by this agency and have been able to acquire the property with an absolute minimum of redtape. Scheduled frequent visits to the warehouse at Harrisburg have been most beneficial to us. Unless there can be an improvement to minimize detail, we feel that the present arrangement is most satisfactory and should be continued.

It is with sincerity and confidence that we state that the program of distribution of surplus materials to educational institutions has helped us to not only "hold the line" but also to expand and enrich educational opportunities for our students. During these years of increased costs of higher education, the provision of physical facilities and educational materials would have been curtailed considerably if we had not had the benefit of the donations of surplus property. This all would have meant hardship to the one principal group for whom we exist—the student.

Cordially yours,

CHARLES E. METZGER,
Administrative Assistant to the President.

DECEMBER 19, 1947.

Re RCV/RIA/IVS.

Mr. ARTHUR M. HEDGES,
*Chief, Information Division, War Assets Administration,
Regional Office 15, Cleveland 1, Ohio*

DEAR MR. HEDGES: We are pleased to furnish you the data on the Government surplus property we have acquired, as requested in your letter on December 1, 1947, for use in the article you are preparing for nationwide release.

We find that up to December 1, 1947, we have secured surplus property with a total value of \$2,071,182.07, and that this has been obtained at a total cost to our school of \$343,264.94.

The property we have secured includes buildings, machine tools, laboratory equipment, and many other categories of materiel. However, we are especially proud of our Cedarbrook unit buildings and our dental-pharmacy building, and we believe the story of these acquisitions might be highlighted below for possible use in your nationwide article.

The Cedarbrook unit buildings, now in use as a freshman training center, seem to us a very noteworthy example of cooperative effort between four Government agencies to relieve a shortage of educational facilities that existed here. Their acquisition was made possible by the combined efforts of the War Assets Administration, the Federal Works Agency, the United States Office of Education, and the United States Navy.

In this case, Temple University's desire to accept the obligation for the training of incoming veterans presented an acute need for additional educational facilities. This information was brought to the attention of the United States Office of Education. This agency investigated our needs and issued a finding of need to the Division of Community Facilities, Federal Works Agency, for additional classroom space, cafeteria, and equipment for these units. The Federal Works Agency with the assistance of the War Assets Administration and the United States Navy secured, dismantled, transported, re-erected, and modified, at no cost to Temple University, 54,600 square feet of buildings for the need certified by the United States Office of Education.

The value placed on these structures is \$501,000. By diligent search and transfer the War Assets Administration equipped these buildings so far as possible with instructional materials and furniture in the amount of \$31,160, fair value price. A small portion of this equipment was secured at a 95 percent discount, but most of it was offered at a 100 percent discount. Temple University invested approximately \$55,000 of its own funds to complete this instructional unit where deficiencies occurred.

Through this cooperative venture of four Government agencies and Temple University an additional 2,000 veterans are receiving instruction.

Another highlight was the acquisition by Temple University of Plancor 8, Plant No. 2, on December 1, 1946. This plancor was a building of 200,000 square

feet and was converted from a manufacturing plant to a dental-pharmacy school. Upon acquisition work was started immediately, and by October 15, 1947 the school was in operation. The university bid a million dollars for the building and thereafter received a 70 percent discount because of the tangible benefits to veterans that would be derived in the use of the building for educational purposes. In addition to the purchase price of \$300,000 an additional \$1,500,000 has been spent in converting this building to what we believe is now the finest dental-pharmacy school in the country. The laboratories, clinics, library, class, lecture, and research rooms installed are modern and of the finest. The new quarters permit enlarging the combined enrollment of these two schools by over 30 percent, so that many additional veterans desiring this training may now be accommodated.

Here again, the interest and cooperation received from the War Assets Administration is greatly appreciated by the community, trustees, administration, staff and alumni of the university.

The acquisition is a part of the program of the steady growth of Temple University and its aim to make education facilities available to a greater number of students, and its extension of research and health-preserving benefits to every person in the Nation.

Sincerely,

ROBERT L. JOHNSON, *President.*

JACKSON, MISS., *February 17, 1955.*

CONGRESSMAN JOHN W. McCORMACK,
Chairman, Special Committee on Government Operations,
House Office Building, Washington, D. C.:

Reference your wire of February 10, I submit data and views in lieu of having a representative attend hearings. If these do not suffice, advise and the director of the Mississippi Surplus Property Commission will be directed to proceed there. Our surplus property commission has acquired and made available to our health and educational institutions large quantities of Federal surplus property. The records from the Department of Health, Education, and Welfare indicate that approximately \$2 million worth of such property was allocated to our surplus property commission during the calendar year of 1954. The majority of this property has been placed in immediate health and educational uses. By our institutions receiving this much needed Federal surplus property at a very nominal charge has enabled many of them to offer much better training programs at a great savings to our taxpayers. In fact, it would have been an impossibility to acquire on the open market at today's prices this much needed property and supplies. I feel that all Federal surplus property having been paid for by the taxpayer and by offering such to the States for further health and educational uses would be a greater benefit and a higher return to the Federal Government than the small net returns usually recovered by public sales. I further feel that the directive implemented by the Department of Defense whereby most serviceable property is now being offered by sale be immediately rescinded. I express to you my appreciation for having introduced H. R. 3322 and feel that you will have the support of the Mississippi delegation providing for an improved and stronger surplus property program for health and educational purposes in the future.

HUGH WHITE,
Governor of Mississippi.

AUSTIN, TEX., *February 16, 1955.*

HON. JOHN W. McCORMACK, M. C.
House Office Building, Washington, D. C.:

Appreciate very much your telegraphic invitation to be present personally or through a representative at hearings of the Special Subcommittee on the Donable Surplus Property program. We are, of course, pleased to hear of plans for improvement of the program. Regret I will be unable to attend but know Mr. L. K. Barry, director of the Texas Surplus Property Agency, who is in Washington, will be able to describe the benefits of this program to educational and health units in Texas. Understand chairman of the agency board has already wired you.

ALLAN SHIVERS, *Governor of Texas.*

OKLAHOMA CITY, OKLA., February 17, 1955.

HON. JOHN W. McCORMACK,
House Office Building, Washington, D. C.

DEAR CONGRESSMAN McCORMACK: Federal surplus property has been of inestimable value to Oklahoma schools, colleges, institutions, and State parks. Oklahoma is well organized to utilize all that can be made available by the General Services Administration and the military on such terms as the Congress regards as proper. We have great and continuing need for more property for our common schools, institutions, and parks. Heartily endorse the provisions of H. R. 3322 and hope your committee regards it favorably.

RAYMOND GRAY, *Governor.*

STATEMENT OF HON. PHILIP J. PHILBIN, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MASSACHUSETTS

Mr. Chairman and members of the committee, I desire to present my views in favor of the immediate consideration and passage of H. R. 3322 to make surplus Government property available to schools and colleges and other groups.

There can be no question that certain Government agencies have openly flouted the intent of Congress regarding the disposition of surplus Government property. The way some Government surpluses have been handled and disposed of indicates not only inefficiencies, but a studied disregard for the clear mandates of Congress as reflected in existing legislation. It is true that much surplus property has been channeled into constructive uses in our educational system and also in the lower subdivisions of Government.

This program has been exceedingly valuable to a great many educational institutions and communities. It should be carried out in its entirety and I believe that it should be broadened definitely to include recreational and youth activity groups, even where they are not directly connected with schools or colleges.

As I interpret the bill, it reaffirms the previously expressed intent of Congress and should certainly constitute the strongest possible kind of directive to those departments and agencies of this Government, who have seen fit to ignore provisions of existing law.

In my opinion, the entire question of surplus property disposition should be thoroughly investigated by the Congress to determine the extent to which irregularities and unsound practices have occurred in the program.

But of much greater importance at the moment is the adoption of the pending bill so ably sponsored by my distinguished friend and colleague, the majority leader, Mr. McCormack, whose discernment and assiduous work in focusing the attention of Congress upon this vital matter and in arousing support for the measure in the country and in the Congress are very commendable.

I wish to be recorded as favoring the immediate favorable consideration and passage of this bill and express my appreciation for the opportunity to present my views.

ANNA MARIA COLLEGE,
OFFICE OF THE PRESIDENT,
Paxton, Mass., February 12, 1955.

HON. PHILIP J. PHILBIN,
*United States House of Representatives,
Washington, D. C.*

HONORABLE SIR: For the past year, a considerable reduction in the amount of surplus property available to schools and hospitals has been noticeable. Yet, it is public knowledge that huge quantities of such property are being lost by sale to salvage dealers.

Here, at Anna Marie College, we deplore this fact, for we have already benefited by the disposal of surplus property and would still be in need of many items. We are presently using furniture for which, under the previous regulations, we paid out only a few hundred dollars but which, when repaired, is worth several thousand dollars to us.

Please allow me, therefore, to request your support of H. R. 3322, when the Committee on Government Operations holds hearings on this bill February 15

under Congressman McCormack. I would also ask you to register my interest in and endorsement of this bill with the proper committee of the House.

Thanking you for your attention and consideration, I am,

Very truly yours,

SISTER IRENE MARIE, S. S. A., *President.*

ASSUMPTION COLLEGE,
OFFICE OF THE PRESIDENT,
Worcester 6, Mass., February 16, 1955.

Hon. PHILIP J. PHILBIN,
United States House of Representatives,
House Office Building, Room 240,
Washington, D. C.

DEAR CONGRESSMAN PHILBIN: The purpose of this letter is to express the interest of Assumption College in the bill that was introduced in the House of Representatives by Congressman McCormack and in the Senate by Senator McClellan concerning the donation of surplus property to schools and hospitals prior to disposal by other means.

First of all, let me express the gratitude of Assumption College for the surplus material that has been donated to us in the past, particularly after the tornado that destroyed our plant on June 9, 1953. It has helped exceedingly in allowing us to rebuild the destroyed building which will serve hereafter for Assumption Preparatory School. We have hopes that this help will continue, as we are faced with the absolute necessity of building a new college from the ground up and have the hard problem of being obliged to spend far beyond our own means. We feel confident, however, that the generosity of friends will allow us to complete this task. Our hopes in the surplus property donation program are very high as we believe it can help considerably to lighten our burden.

May I, therefore, urge you to use the name of Assumption in support of H. R. 3322.

I would appreciate your registering our interest and endorsement of this bill and of the bill S. 1004 with the proper committees of the House and Senate.

Let me take this occasion to express my gratitude to you for your great interest and generosity toward Assumption College. You may be sure that we continue to remember you in our prayers of thanksgiving.

Very gratefully yours,

(Very Rev.) ARMAND H. DESAUTELS, A. A.,
President.

WASHINGTON, D. C. February 16, 1955.

JOHN W. MCCORMACK,
Chairman, Special Subcommittee on Donable Property,
House Committee on Government Operations,
Washington, D. C.:

Re your telegram, the amending of laws or regulations to permit the use of surplus property for health purposes to cover health department programs and further that surplus property beyond those needed for health and educational purposes be made available for civil defense would assist greatly.

SAMUEL WILDER KING,
Governor of Hawaii.

TENNESSEE STATE DEPARTMENT OF EDUCATION,
Nashville, February 11, 1955.

Hon. J. PERCY PRIEST,
House Office Building, Washington, D. C..

DEAR CONGRESSMAN PRIEST: I am writing you in regard to H. R. 3322, introduced by Congressman John W. McCormack in the House of Representatives, January 31, 1955. This bill will clarify the intent of Congress in regard to the disposal of surplus property for health and educational uses.

The surplus property program has been a great benefit to the schools of our State. Many schools have been able to offer new courses as a result of obtaining equipment through this program, and many others have been able to greatly enrich courses that were already being offered.

I have been advised that the classification of property as stock-fund property by the Department of Defense has resulted in the denial of many of the best items of surplus property for health and educational uses.

Your support in the passage of this bill will be greatly appreciated.

Very truly yours,

QUILL E. COPE, *Commissioner.*

STATE OF NEW JERSEY,
OFFICE OF THE GOVERNOR,
Trenton, February 15, 1955.

HON. JOHN W. McCORMACK,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN McCORMACK: I wish to thank you for your telegram of February 10 concerning the hearings of the special subcommittee of donable property.

The State of New Jersey has a very definite interest in this program. I believe that the use of Federal surplus property by local health departments as well as for the medical and health aspects of the civil-defense program would be highly beneficial to the people of this State. It is my further view that the continued availability of such property to the educational institutions is extremely important and constitutes one of the most effective uses to which such property can be devoted.

I would also like to submit for your consideration the inclusion of penal institutions among those agencies eligible to receive surplus property inasmuch as very desirable and effective use can be made of such property in the penal and correctional institutions of this State in which education, training, and maintenance of suitable standards of health form a major portion of the rehabilitation aspects of the program.

I wish to thank you for sending me the telegram concerning this matter and giving me an opportunity to express the interest of the State of New Jersey in the surplus property program.

Sincerely,

ROBERT B. MEYNER, *Governor.*

INDIANAPOLIS, IND., *February 16, 1955.*

HON. JOHN W. McCORMACK,
Member of Congress,
Room 4F, Capitol Building, Washington, D. C.:

We understand that S. 1004 will amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes. If such be the case, we in Indiana are highly in favor of the passage of the bill.

GEORGE N. CRAIG, *Governor.*

BOARD OF PUBLIC INSTRUCTION, MANATEE COUNTY,
Bradenton, Fla., February 14, 1955.

HON. CHARLES E. BENNETT,
House of Representatives, Washington, D. C.

DEAR MR. BENNETT: We want to express our interest and concern in the passage of H. R. 3322, Senate bill 1004, now before committees.

The acquisition of considerable surplus Government property in the last few years has been of incalculable benefit to schools of this area which, as you know, is experiencing phenomenal growth. The consequent demands on maintenance and instructional supplies have been of such magnitude that they cannot be met from local tax sources.

We welcome and solicit your support for this measure which will materially improve the educational programs and opportunities for youngsters in this State.

Very truly yours,

J. HARTLEY BLACKBURN.

STATE OF FLORIDA,
DEPARTMENT OF EDUCATION,
Tallahassee, February 14, 1955.

HON. CHARLES E. BENNETT,
House Office Building, Washington, D. C.

DEAR CHARLES: This letter is in reference to H. R. 3322 which was introduced in the House by Congressman John W. McCormack, and S. 1004 which was introduced in the Senate by Senator John McClellan. As you perhaps know, the bills accomplish three objectives regarding surplus property:

(1) Establish a priority, after Federal utilization, for donation to educational and health use.

(2) Establish a legal basis for a cooperative agreement of operations between HEW and the State programs.

(3) Clarify title on personal property and real property acquired for off-site use—1 year after date of passage of the bill.

Since we have worked very closely with the supervisor of the surplus property division of the Florida State Improvement Commission for a number of years, we have had many useful donations to vocational agriculture departments throughout Florida. At the present time our program is expanding along with the rapid growth of Florida; and we are trying to get many new farm mechanics shops properly equipped so that they will be more conducive to an effective program in vocational agriculture, as taught throughout public schools of Florida.

The enclosed telegram is self-explanatory and it will be greatly appreciated if you also can give your support to the bills which have been mentioned.

I want to take this opportunity to thank you for the staunch support which you have given the vocational agriculture program at all times during the past.

With best wishes,
Yours sincerely,

H. E. WOOD,
State Supervisor, Vocational Agriculture.

(This letter sent to all Florida Senators and Representatives in Congress.)

FLORIDA STATE IMPROVEMENT COMMISSION,
Tallahassee, Fla., February 11, 1955.

HON. CHARLES E. BENNETT,
House of Representatives, Washington 25, D. C.

DEAR MR. BENNETT: H. R. 3322 was introduced January 31, 1955, by Congressman John W. McCormack in behalf of the surplus property donation program. In his introductory statement, he eloquently expressed the great need for this congressional action.

The program has rendered inestimable benefits to the educational and public health programs of our State. H. R. 3322 will enable the improvement commission, acting as the State agency for surplus property, to more effectively administer the program and render a greater service to the people of our State through the enrichment of the educational and health opportunities of the State of Florida.

We earnestly solicit your active support of this legislation.
Sincerely,

E. O. ROLLAND,
Supervisor, Surplus Property Division.

NEW YORK, N. Y., February 15, 1955.

HON. CHARLES E. BENNETT,
Member of Congress, Washington, D. C.:

I urge your vigorous support of bill H. R. 3322. Educational and health organizations whose maintenance services and instructional costs are tremendous need and deserve the assistance this measure will provide.

LEWIS M. SCHOTT.

UNIVERSITY OF FLORIDA,
Gainesville, February 14, 1955.

Hon. C. E. BENNETT,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN BENNETT: Bill H. R. 3322 introduced in the House of Representatives by Congressman John W. McCormack is of vital interest to our university and other health and educational institutions.

Attached is a copy of a letter sent last Friday to Hon. John W. McCormack, chairman, special subcommittee of House Committee on Government Operations, expressing our hope this bill will be successful. The surplus materials and equipment obtained from the various agencies are extremely beneficial to the university in conducting vital research and carrying on continued educational programs. The materials obtained are very helpful to educational institutions that are encountering continued student enrollment and provide classes in specialized studies that could not otherwise be made available to them.

In order to continue these programs it is hoped a bill will be passed whereby institutions for health and education will have a priority for surplus material prior to the time it is sold on the open market. The provision of an early title on personal and real property acquired will expand the latitude of use to the institutions and will aid materially in continued programs. At our institution there are countless examples of accomplishments made as a result of surplus material acquired.

May I on behalf of the university and other health and educational institutions urge your support of this bill. If additional information is needed to support this request, please feel free to call on me at any time.

Respectfull yours,

GEORGE F. BAUGHMAN,
Vice President for Business Affairs.

STATE OF CALIFORNIA,
STATE EDUCATIONAL AGENCY FOR SURPLUS PROPERTY,
DEPARTMENT OF EDUCATION,
February 2, 1955.

Hon. CHET HOLIFIELD,
House of Representatives, Washington, D. C.

DEAR MR. HOLIFIELD: I certainly appreciated the opportunity of talking with you last Friday morning, January 25, 1955. During our discussion, you requested that I send to you information concerning the amount of property which California has received under the donable surplus property program. Attached is a report, which has been prepared by the Department of Health, Education, and Welfare, showing the amount of personal property, the amount of real property and the total of both real and personal property received by all the States and Territories from July 1, 1946, through June 30, 1954.

You will note that California is first in the amount of personal property received and fourth in the amount of real property received and second in the combined totals. The reason why California has not taken greater advantage of the real property is due to the rigid building requirements due to the earthquake laws. Even so, the amount of real property received is appreciable.

Beyond any doubt, the program has been of inestimable value to the education and public-health institutions in California. This is especially true of educational institutions as approximately 90 percent of all personal property donated has gone to schools, colleges, and universities.

The Department of Defense, Regulation 7420.1, which is a stock funding regulation, is more and more reducing the amount of property available for donation.

Many millions of dollars of new and used good equipment and supplies, which are both useful and needed by education and public health, have been placed in the stock fund by the Department of Defense and sold during the past several months.

I have been just advised that Congressman John McCormack introduced H. R. 3322 to amend the Federal Property and Administration Services Act of 1949, as amended. This amendment, if enacted by the Congress, will redirect

the Department of Defense to make available for donation stock fund property.
If there is any further information needed, please advise.

Sincerely yours,

W. A. FARRELL,
Chief, Surplus Property Officer.

Allocation of personal property and transfer of real property for educational and public health purposes, 1946 through Dec. 31, 1954 (acquisition cost)

States	Personal property	Real property	Total
Total.....	\$783,343,181	\$699,713,045	\$1,483,056,226
Alabama.....	19,206,532	13,740,837	32,947,369
Arizona.....	9,346,188	7,665,485	17,011,673
Arkansas.....	8,081,404	24,960,663	33,042,067
California.....	98,529,295	54,025,226	152,554,521
Colorado.....	4,281,917	4,230,113	8,512,030
Connecticut.....	9,250,934	2,527,522	11,778,456
Delaware.....	2,427,370	2,358,512	4,785,882
Florida.....	21,663,723	21,841,190	43,504,913
Georgia.....	20,599,051	12,823,301	33,422,352
Idaho.....	7,975,479	21,948,741	29,924,220
Illinois.....	23,279,229	14,555,566	37,834,795
Indiana.....	17,425,474	3,452,717	20,878,191
Iowa.....	9,104,470	2,004,941	11,109,411
Kansas.....	9,229,194	3,519,962	12,749,156
Kentucky.....	14,204,596	1,478,892	15,683,488
Louisiana.....	12,171,398	12,075,637	24,247,035
Maine.....	3,183,442	433,211	3,616,653
Maryland.....	19,200,574	630,721	19,831,295
Massachusetts.....	18,515,666	23,044,788	41,560,454
Michigan.....	10,141,228	19,225,884	29,367,112
Minnesota.....	7,622,311	43,163,397	50,785,708
Mississippi.....	16,325,110	36,215,127	52,540,237
Missouri.....	15,519,389	33,726,343	49,245,732
Montana.....	5,872,528	183,825	6,056,353
Nebraska.....	5,956,132	820,768	6,776,900
Nevada.....	2,588,864	2,178,423	4,767,287
New Hampshire.....	2,717,979	0	2,717,979
New Jersey.....	11,914,097	492,370	12,406,467
New Mexico.....	4,786,294	5,438,963	10,225,257
New York.....	46,985,272	62,938,053	109,923,325
North Carolina.....	25,664,008	15,928,390	41,592,398
North Dakota.....	2,460,722	84,474	2,545,196
Ohio.....	37,810,368	7,589,280	45,399,648
Oklahoma.....	15,844,043	61,068,704	76,912,747
Oregon.....	16,148,272	14,322,514	30,470,786
Pennsylvania.....	33,551,227	2,359,902	35,911,129
Rhode Island.....	4,493,924	107,704	4,601,628
South Carolina.....	15,085,576	9,025,769	24,111,345
South Dakota.....	3,573,304	698,857	4,272,161
Tennessee.....	17,939,387	4,029,367	21,968,754
Texas.....	38,210,840	121,493,917	159,704,757
Utah.....	16,214,153	2,656,578	18,870,731
Vermont.....	2,115,044	30,155	2,145,199
Virginia.....	20,558,519	11,174,347	31,732,866
Washington.....	31,356,680	10,092,612	41,449,292
West Virginia.....	14,080,753	1,998,415	16,079,168
Wisconsin.....	12,136,298	1,171,993	13,308,291
Wyoming.....	2,705,104	1,314,695	4,019,799
Alaska.....	514,361	1,592,202	2,106,563
Virgin Islands.....	4,434	3,848	8,282
District of Columbia.....	9,172,588	22,000	9,194,588
Hawaii.....	4,042,722	967,356	5,010,078
Puerto Rico.....	1,555,214	278,788	1,834,002
American Samoa.....	500	0	500

LOS NIETOS SCHOOL DISTRICT,
Los Nietos, Calif., February 11, 1955.

Representative CHET HOLIFIELD,

House of Representatives, Washington, D. C.

DEAR MR. HOLIFIELD: It has come to my attention that House bill H. R. 3322 has been introduced into this session of Congress, and that hearings on the matter will soon be taking place.

It is my purpose to indicate to you that the Los Nietos School District has received considerable financial benefit from previous surplus-property programs.

May I urge your support of this bill which will insure a good program of surplus property for the public schools.

Sincerely,

KENNETH R. McNALL,
Assistant Superintendent in Charge of Business.

CHILDREN'S HOSPITAL SOCIETY OF LOS ANGELES,
Los Angeles, Calif., February 11, 1955.

HON. CHET HOLIFIELD,
House Office Building, Washington, D. C.

MY DEAR MR. HOLIFIELD: Children's Hospital has participated in the surplus-property program since January 1951. We have found it to be a very desirable source of supply.

We would sincerely appreciate your support of H. R. 3322 when it is presented to you for your consideration.

Very truly yours,

J. E. SMITS, *Administrator.*

THE LUTHERAN CHURCH—MISSOURI SYNOD,
SOUTHERN CALIFORNIA DISTRICT,
Los Angeles, Calif., February 14, 1955.

HON. CHET HOLIFIELD,
House of Representatives, Washington 25, D. C.

HONORABLE MR. HOLIFIELD: Representing the southern California district of the Lutheran Church—Missouri Synod, constituted of over 100 local congregations with a combined membership of 85,000, and in behalf of some 50 private schools maintained by that many of the above-mentioned churches, I am deeply interested in the passage of H. R. 3322.

It is only fair that the surplus properties, with the distribution of which this bill is concerned, should be made available to our educational institutions, public and private, as well as to various health agencies at the lowest possible cost.

I trust that in the best interest of the education and health of our country's youth, you will see your way clear to lend your support to the passage of this legislation.

Respectfully,

A. G. WEBBEKING,
Mission and Stewardship Counselor.

STATE OF WASHINGTON,
EXECUTIVE DEPARTMENT,
Olympia, February 16, 1955.

HON. JOHN W. MCCORMACK,
*Chairman, Special Subcommittee,
Old House Office Building, Washington, D. C.*

DEAR MR. MCCORMACK: Please let me express my appreciation of your wire of February 10 relative to the hearing conducted on February 15 on House Resolution 3322.

In discussing this legislation with my directors I find that our people are fully advised as to the content of the proposed legislation and in the main are agreeable to it.

Thank you for informing me, enabling me to discuss the matter with my staff.

Sincerely yours,

ARTHUR B. LANGLEIE, *Governor.*

THE SECRETARY OF COMMERCE,
Washington 25, D. C., February 16, 1955.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington 25, D. C.*

DEAR MR. CHAIRMAN: This is in reply to your letter of February 4, 1955, requesting the views of this Department with respect to H. R. 3322, a bill to

amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

The Department of Commerce would interpose no objection to enactment of legislation for this purpose. We wish, however, to make the following comments.

We note that the bill as introduced would require a determination to be made that any excess property is not "usable and necessary for educational purposes" before it may be sold as surplus property. This categorical requirement might cause undue hardship to agencies in the administration of their surplus-disposal program when the property to be disposed of is not suitable for the favored purposes.

We also wish to point out that the legislation would not permit the United States to recover the fullest potential financial return from the sale of surplus property. We understand, however, that only some 5 percent of property excess to needs of the Department of Defense is currently being channeled to school and health programs. Whether or not this loss of revenue to the Government would be unduly detrimental to our fiscal policies would appear to be of primary concern to the Department of the Treasury.

We also wish to point out the possibility that donations of stock-funded property might require reimbursement by appropriation from the Congress if the donation of surplus property impaired the capitalization of the stock fund to a significant degree.

Subject to your consideration of these comments, this Department would interpose no objection to the enactment of legislation such as H. R. 3322. Due to the urgency of this matter, we have been unable to secure the advice of the Bureau of the Budget as to the relationship of H. R. 3322 to the program of the President.

Sincerely yours,

WALTER WILLIAMS,
Acting Secretary of Commerce.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 18, 1955.

Hon. JOHN McCORMACK,

Chairman, Special Subcommittee on Donable Property,

Committee on Government Operations,

House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: Enclosed are letters I have received within the last few days in strong support of your bill H. R. 3322. They are indicative of the thinking among the schoolmen of south Texas as to the extent of the benefits that could be accomplished by passage of this legislation.

Many of these schools have been recipients of properties and closing the way to secure these goods has worked a hardship on hard-pressed educational institutions. But the sentiments of the whole area are fairly well expressed in these letters and I would appreciate your making them part of the record of testimony.

Thanks for your cooperation and with my kindest personal regards, I am
Sincerely,

JOE M. KILGORE, *Member of Congress.*

LA FERIA INDEPENDENT SCHOOL DISTRICT,
La Feria, Tex., February 11, 1955.

Representative JOE M. KILGORE,

House of Representatives, Washington, D. C.

DEAR MR. KILGORE: I want to urge you to give all the support you can to H. R. 3322, introduced by House Majority Leader John W. McCormack. This bill pertains to the surplus donations to schools and unless we can carry on this program the "have-not" schools will be severely handicapped. This program is functioning well in aiding schools and I think you ought to try to keep it working.

In my personal opinion, I think the Department of Defense is giving their own interpretation of Directive 7420.1 and it is high time someone in Washington asked these people to let the Congress interpret their own laws.

Yours very truly,

C. E. VAIL, *Superintendent.*

BROWNSVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT,

Brownsville, Tex., February 12, 1955.

HON. JOE M. KILGORE,
*House of Representatives,
United States Congress, Washington, D. C.*

DEAR SIR: On behalf of the taxpayers and citizens of Brownsville, Tex., we would like to express our feeling concerning H. R. 3322.

We feel that this bill will give back to the State and national institutions the rights they deserve in respect to surplus properties of the United States Government.

We would like to encourage you to support this measure at any time you have the opportunity.

Thanking you, we are,

Sincerely yours,

E. L. PRITCHETT,
Superintendent of Schools.

HARLINGEN PUBLIC SCHOOLS,
Harlingen, Tex., February 12, 1955.

HON. JOE. M. KILGORE,
*House of Representatives,
Washington, D. C.*

MY DEAR MR. KILGORE : In recent years the schoolchildren of these United States have enjoyed better school services because of the policy of giving to school districts surplus properties which were no longer of value to the Federal Government. Due to the directive of the Department of Defense, issued in February 1954, as Directive 7420.1, which has the ultimate effect of doing away with the policy of giving surplus properties to schools, schoolchildren will be deprived of valuable services. I am told authentically that Texas institutions last year lost more than a million dollars worth of new or good-as-new surplus items such as refrigerators, cafeteria and kitchen equipment, handtools, office machines, office furniture, and many other items which are badly needed by schools and hospitals.

It is my opinion that H. R. 3322 and S. 1004 contain the provisions which will insure the continuance of the policy of giving surplus properties to schools and hospitals. Your serious consideration of these bills is invited.

Sincerely yours,

C. E. BURNETT.

LOS FRESNOS INDEPENDENT SCHOOL DISTRICT,
Los Fresnos, Tex., February 14, 1955.

Re H. R. 3322.

Representative JOE M. KILGORE,
House Office Building, Washington, D. C.

DEAR SIR: We believe H. R. 3322 to be of tremendous importance to the public schools of this Nation.

To our certain knowledge, schools all around us have benefited greatly by being able to obtain donable items. Public schools, everywhere, are in need of all the help all agencies of all governmental bodies can give them.

We have received many valuable items under the donation program, thus saving this school district money which was greatly needed for other things.

We hope you will help push H. R. 3322 to its final passage.

Respectfully yours,

WALTER C. COERS, *Superintendent.*

PAN AMERICAN COLLEGE,
Edinburg, Tex., February 11, 1955.

Hon. JOE KILGORE, M. C.,
House Office Building, Washington, D. C.

DEAR MR. KILGORE. As you may know, educational institutions have profited considerably from the donation of surplus property by the various Federal agencies, especially from installations of the armed services. Recently Department of Defense directive 7420.1 has directed that all surplus property be sold and not donated. This is closing, unnecessarily I think, a needed source of supplies for our hard-pressed educational institutions. Representative John W. McCormack introduced on January 31, H. R. 3322 which apparently will accomplish needed improvements in the donation program.

I should like you to investigate its merits and to give it your support if it seems as helpful to you as it does to us. We appreciate your services to the people of this district.

Sincerely,

H. A. HODGES, *Vice President.*

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT,
Edinburg, Tex., February 15, 1955.

Hon. JOE KILGORE,
House Office Building, Washington, D. C.

MY DEAR MR. KILGORE: As a participant in the program of the Texas Surplus Property Agency, we are especially appreciative of the program's value. That surplus property can be donated to schools rather than sold makes sense. The school acquires that property which can be converted into maximum and immediate use and the benefits of such property are to the greatest possible number of people and directly or indirectly to a particular segment, namely, our young people, for whom every reasonable investment has the highest justification.

Sold property, on the other hand, is more likely to go into the hands of individual dealers, not to be converted into immediate and maximum use, not to benefit a large group, and generally not to contribute to an improved program and facilities for young people. Furthermore, sold surplus property cannot have, in most cases, other than a deteriorating effect on more normal trade channels.

For the reasons stated above, we wish to:

1. Urge our Senators, Lyndon B. Johnson and Price Daniel, to support Senate bill 1004;
2. Urge our Representative, Joe Kilgore, to support House bill 3322;
3. Commend the work of the Honorable John W. McCormack, M. C., chairman, special subcommittee of House Committee on Government Operations;
4. Thank Senator Price Daniel for cosponsoring Senate bill 1004;
5. Thank Congressman John W. McCormack and Senator John McClellan, for introducing House bill 3322 and Senate bill 1004, respectively; and
6. Assure all concerned that our schools are able to make immediate and maximum use of the property they have been receiving and that they have great need for the property. Through the help of our own Texas Surplus Property Agency in screening and selecting materials for us on the basis of our applications, we hope to have two more classrooms constructed and available for use of our children by September 1, 1955, than we would otherwise have. This we believe to be a most important consideration, especially in view of the fact we shall still have a 14-classroom shortage.

Sincerely yours,

OHLAND MORTON,
Superintendent of Schools.

(NOTE.—Letters identical to the above were received from Thomas S. Pickens, assistant superintendent, and Charles E. Koen, superintendent of buildings and grounds, both of Edinburg Consolidated Independent School District.)

SOUTHWESTERN CHRISTIAN COLLEGE,
Terrell, Tex., February 14, 1955.

HON. JOE KILGORE,

United States Representative, Washington, D. C.

DEAR JOE: Permit me to congratulate you upon the great honor recently conferred upon you by the citizens of your congressional district.

During recent years the schools and colleges of the United States have been fortunate enough to receive many items of essential equipment and materials declared surplus by various agencies and departments of Government. Since, in most instances, these institutions would have been unable to pay for this equipment, the program actually was a godsend to education in this country. At the time I served as superintendent of schools in Mission, Tex., those schools received industrial arts equipment and furniture valued at approximately \$100,000. This equipment had been declared surplus by the Government, and is still in use, and will be in use for many years by the schools, thereby making it possible for the citizenship of that area to receive training that would have been impossible otherwise.

That program has been seriously injured within the last year because of the infamous directive 7420.1, which authorized a revision of the procurement, accounting for, and disposal of personal property by the establishment of stock funds. This directive directs that all stock-funds surplus be sold; it cannot be donated. This means that the schools and colleges of the Nation will be in position to receive nothing from the military except scrap and salvage. Certainly America can be better served by making this equipment available to its schools and colleges at no cost than to stockpile it and sell it to speculators at a very low price.

The House of Representative's bill, H. R. 3322, introduced by House Majority Leader John W. McCormack, will correct this situation. The companion bill is S. 1004, introduced by Senator McClellan, of Arkansas.

This college and your many friends in the educational profession will appreciate your vigorously supporting H. R. 3322 and using your influence among your friends of the Senate for S. 1004.

Wishing you well in your new responsibilities, I am,

Yours very truly,

H. L. BARBER, *President.*

TEXAS COLLEGE OF ARTS AND INDUSTRIES,
Kingsville, Tex., February 11, 1955.

HON. JOE KILGORE,

*House of Representatives,
Washington, D. C.*

DEAR JOE: Your wholehearted support of House of Representatives bill 3322 is earnestly requested. A donation program of surplus properties to educational institutions would be an inexpensive way by which the Government could assist with problems which are arising from the great influx of students. Much of surplus, which has little value otherwise, could be used advantageously by the school. You have my personal regards and best wishes.

Very sincerely,

ERNEST H. POTEET, *President.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 17, 1955.

HON. JOHN W. MCCORMACK,

*Chairman, Subcommittee on Donable Property,
Committee on Government Operations,
House Office Building.*

DEAR CONGRESSMAN MCCORMACK: I appreciated the opportunity to appear before your committee on February 15 to testify in support of H. R. 3322, for the utilization of surplus property for educational and public health purposes.

Enactment of this proposal is of great importance to school and health agen-

cies in my district, and I would like to have the further opportunity to file with the committee the enclosed expressions of views on this measure, as received in recent days.¹

I hope this additional evidence may be of value to the committee in determining on a favorable recommendation on the bill.

Very truly yours,

B. F. SISK, *Member of Congress.*

MERCED, CALIF., *February 10—1:17 p. m.*

Hon. B. F. SISK,
*Congressman, 12th District, Calif.,
Washington, D. C.:*

Appreciate the urge your support of H. R. 3322 and S. 1004 bills when presented for action.

BOARD OF EDUCATION, MERCED SCHOOL DISTRICT
W. MAX SMITH, SUPERINTENDENT

FRESNO, CALIF., *February 12.*

CONGRESSMAN B. F. SISK,
432 House Office Building:

In the past many of our valley educational and public health institutions have been greatly benefited by the surplus-property program. There will be two bills coming before the legislators in the near future on surplus-property program. They are House bill 322 and Senate bill 1004. I urge your support on these amendments to Public Law 152.

HARRY GOWER,
Principal, Washington Union High School District.

SANGER PUBLIC SCHOOLS,
Sanger, Calif., February 11, 1955.

Hon. Congressman B. F. SISK,
House of Representatives, Washington, D. C.

DEAR MR. SISK: Our schools have benefited in the past from the surplus-property program and we wish it continued. I would appreciate your support on House bill 3322 when it comes before House for action.

Thanking you, I remain,

Yours sincerely,

HARRISON R. TYNER, *Superintendent.*

(Letter received by Mr. Sisk from Frank M. Wright, associate superintendent of Public School Administration, State of California, identical to that inserted in record by Mr. Moss, is noted at this point.)

CENTRAL UNION HIGH SCHOOL,
Fresno, Calif., February 11, 1955.

Hon. B. F. SISK,
*Congressman, 12th District of California,
House Office Building, Washington, D. C.*

DEAR SIR: We are advised that Mr. McCormack, Congressman from Massachusetts, introduced H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949, Public Law 152, so as to improve the administration of the program for the utilization of surplus property for educational purposes. This bill will also provide that surplus property classified as stock-fund property which was useful and needed will be donated for educational purposes.

May we respectfully urge that you support this bill. The schools have very materially benefited by the use of surplus property, both materials of instruc-

¹ Included in this correspondence is a letter from Frank M. Wright, associate superintendent of public school administration, Department of Education, State of California. This letter is identical with letter inserted in the record of hearing on February 17, 1955.

tion and equipment which was donated by the armed services. The Central Union High School is far better equipped because of such donations than would be the case had the school not been able to secure these materials and equipment on a donation basis.

Your assistance in this matter will make a contribution to education and thus be a real service to our boys and girls.

Very truly yours,

W. H. SPILLERS,
District Superintendent, Central Union High School.

CLOVIS ELEMENTARY SCHOOL,
Clovis, Calif., February 11, 1955.

Hon. B. F. SISK,
United States Congressman, Washington, D. C.

HONORABLE SIR: The board of trustees of the Clovis Elementary School would greatly appreciate your support of House bill 3322. We feel much surplus material can and will be made available to schools if this bill is enacted into law.

Sincerely,

GLENN D. REAVIS,
District Superintendent, Clovis Elementary School.

STATE OF WASHINGTON,
DEPARTMENT OF PUBLIC INSTITUTIONS,
Olympia, Wash., February 14, 1955.

Subject: H. R. 3322.

Hon. JACK WESTLAND,
The House of Representatives, Washington 25, D. C.

DEAR SIR: You will recall the recent exchange of correspondence relative to the surplus property distribution here in the State of Washington. By reason of your expressed interest in the operation of this program, you may wish to have the department's observations on the subject legislation introduced by Representative John W. McCormack.

Generally speaking, our State institutions, hospitals, and schools have profited measurably in the distribution of Federal surplus. We heartily endorse the continuation and, if such is practicable, the expansion of this program. Our endorsement is not prompted by a philosophy of seeking a handout from Federal agencies, but rather is induced by what appears as a reasonable thought that the State tax-supported agencies may properly be accorded prior rights in acquiring Federal surplus ahead of the junk dealers and others whose sole interest is a private gain.

As to the proposed legislation, above referenced, it is our understanding that this legislation will improve the techniques of channeling Federal surplus items to State tax-supported agencies after they have been screened for a possible use at the Federal level. If, in your considered opinion, we have fairly appraised the subject bill, we should like to express to you a favorable attitude on our part toward H. R. 3322.

With kind personal regards, I am,

Yours very truly,

H. D. VAN EATON, *Director.*

KING'S GARDEN,
Seattle 33, Wash., February 18, 1955.

Congressman JACK WESTLAND,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN WESTLAND: I am writing to you in reference to House bill H. R. 3322.

We operate a private, Christian, charitable school, helping boys and girls from broken homes. We are very concerned about the present surplus program. It would have been most difficult to start our school, had we not received help through the school surplus program.

We believe that this present House bill should receive your full cooperation as our State alone has saved hundreds of thousands of dollars, and benefited our Nation in every way.

Will you please do what you can to see that this bill is passed, so that we might continue to receive surplus materials we need to operate our school successfully?

Sincerely yours,

MIKE MARTIN, *Director*.

Mr. McCORMACK. Are there any other witnesses who are not connected with the Government, any person who desires to be heard? We do not want to deny anyone that privilege—that is, the opportunity of presenting their views, if they desire to do so.

We will now be very glad to hear from you, Mr. Keogh.

FURTHER STATEMENT OF JOHN L. KEOGH, DIRECTOR OF STORAGE, DISTRIBUTION, AND DISPOSAL, OFFICE OF ASSISTANT SECRETARY OF DEFENSE, SUPPLIES, AND LOGISTICS; ACCOMPANIED BY RALPH C. SPENCER, STAFF DIRECTOR; JOHN W. SUNDSTROM, CHIEF, DISPOSAL DIVISION; JAMES P. NASH, ATTORNEY, OFFICE OF GENERAL COUNSEL; AND WILLARD O. VICKERS, GENERAL COUNSEL'S OFFICE, DEPARTMENT OF DEFENSE

Mr. KEOGH. Thank you, sir.

Mr. Chairman, I should like to address myself, briefly, to section 1 of H. R. 3322 which provides that no property shall be sold as surplus until it has been determined by, or under regulations of the Secretary of Health, Education, and Welfare whether such property is usable and necessary for educational or public-health purposes.

The effect of this provision would be to require the Department of Defense, among other Federal agencies, prior to the disposal by sale of any item of surplus personal property, to await the determination of the Department of Health, Education, and Welfare that such an item is or is not property useable and necessary for educational or public-health purposes. No distinction is made as to the types of items on which such determinations would be made nor is any limitation set on the time which the Department of Health, Education, and Welfare would have in making its review.

The proposal would vest in that Department the authority to screen all surplus personal property indefinitely against potential donation requirements. This could result in greatly increased costs to the Department of Defense incident to storing and maintaining the property, awaiting a determination as to its donability, and could seriously slow up and possibly result in a stagnation of our present surplus property disposal processes.

Under the Federal Property Act, the Administrator of General Services presently has the authority to establish reasonable time limitations on screening excess property among Federal agencies, including the Department of Health, Education, and Welfare, and to determine the degree of screening necessary. Section 1 of the proposed bill would make the Secretary of Health, Education, and Welfare paramount in this area insofar as it affected the screening of property for potential donation.

To this time the present procedures established by the regulations of the General Services Administrator provide for what has been

considered adequate review by the Department of Health, Education, and Welfare of surplus personal property for possible donation. That Department receives listings of the most desirable surplus personal property, as reported to the General Services Administration, and has the opportunity prior to its being released for sale to identify that property which would be suitable for donation. The Department of Health, Education, and Welfare also has the opportunity to select for donation surplus personal property at camps, posts, and bases prior to its being advertised for sale. The latter constitutes 80 per cent of all surplus personal property and is not reported to the General Services Administration for central screening under its regulations. Under present procedures there is a practical time limit when screening for utilization or donation of such property ceases, after which the property may be sold.

Therefore, insofar as the proposed legislation affects the donation of surplus personal property generally, it is recommended that section 1 of the bill be amended so as to leave within the Administrator of General Services the authority to establish reasonable screening procedures for determining the donability of such property. This can be accomplished by the suggested amendment to this section set forth in the Department of Defense report to your committee on this legislation.

Mr. McCORMACK. Do you want to ask any questions, Mr. Moss?

Mr. MOSS. Not at the moment.

Mr. McCORMACK. Mr. Jonas?

Mr. JONAS. No.

Mr. McCORMACK. The Defense Department is down now to one proposition?

Mr. KEOGH. Yes.

Mr. McCORMACK. Is it your construction of H. R. 3322 that it in any way replaces the existing power authority in law to establish reasonable time limitation in the screening of excess property?

Mr. KEOGH. The way I understand it, Mr. Chairman, no property could be sold until after it is screened by the Department of Health, Education, and Welfare. There would be no time limit on the screening.

Mr. McCORMACK. None of the other departments or agencies that were present seemed to think so. H. R. 3322 would present no difficulty in connection with that particular aspect.

Mr. KEOGH. Well, the bill provides, I believe, that nothing would be sold—no property would be sold until it is determined whether or not—

Mr. McCORMACK. Then, of course, the existing Federal Property Act provides for the establishment and issuance of reasonable limitations; does it not?

I was wondering where this bill affects any authority in relation to established reasonable time limitations on screening, and so forth—where it affects in any way.

Mr. KEOGH. May I refer that to Mr. Nash, the General Counsel's office?

Mr. McCORMACK. Certainly; go right ahead.

Mr. NASH. My name is James P. Nash, from the Office of the General Counsel, Department of Defense.

Mr. Chairman, if we read this bill correctly, it would require, prior to the sale of any surplus property, that that property be reviewed by the Department of Health, Education, and Welfare, to determine whether it can be donated to schools, institutions.

The bill would amend subsection 203 (j) 2. Subsection 203 (j) 1 provides that such property may be donated at the discretion of General Services Administrator but we feel that if this legislation were enacted that it would be mandatory upon the Department of Health, Education, and Welfare, at least they would have the final say as to whether all property should first be submitted to them for donation.

Mr. McCORMACK. I thoroughly respect your views and the views of what I assume are the views of the attorneys in the Defense Department, who have considered this question, but it does not seem to me that H. R. 3322 in any way prevents the establishment of regulations to provide for a reasonable time limitation for screening surplus property.

Mr. NASH. I think those regulations could be established but they would be established by the Department of Health, Education, and Welfare, as to the donable property.

Mr. McCORMACK. Do you realize, of course, that a considerable part of the excess property in the Defense Department, nobody would be interested in it, anyway?

Mr. NASH. Yes, sir.

Mr. McCORMACK. That, of course, has been taken care of in the past very quickly, has it not?

Mr. NASH. Yes. Under regulations of the General Services Administrator.

Mr. McCORMACK. I know of no intention to interfere with the orderly procedure of disposing of surplus property that is not usable under the donable program. I think that you are raising a question that certainly does not exist.

On the other hand, I respect that in your mind you do think it does exist.

Mr. KEOGH. That is our concern.

Mr. McCORMACK. It is worthy of consideration.

Mr. SUNDSTROM. I was here the other day when Mr. Pearson was speaking to this very point. He referred to it as a potential procedural delay which, in effect, would defeat what we are really interested in, in this bill, in getting the property identified more quickly and to the people who might be the potential donees. He referred to it as a "procedural delay."

Mr. McCORMACK. I am sure, but I want to find out from Mr. Pearson who has a very different mind of his own just what he meant by that phrase "procedural delay."

Let me ask you this: An amendment has been suggested. Have you a copy of the bill before you?

Strike out the first section (page 1, line 3, to page 2, line 7) and insert in lieu thereof the following: That paragraph (1) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended (1) by inserting after "other supplies" the following: "(whether or not capitalized in a working-capital or similar management-type fund)," and (2) by adding at the end thereof the following new sentence: "In determining whether or not property is to be donated under this subsection, no distinction shall be made

between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947, as amended, or any similar management-type fund, and any other property."

And strike out section 4 (page 3, lines 5 through 9).

I might say, gentlemen, that the respective agencies and departments, without any of them committing themselves, have drafted that as the result of a conference with representatives of all the interested agencies, other than the Department of Defense. The reason they were not included is that primarily your testimony had not been completed. We intended that the Defense Department be consulted.

That is, from the legal standpoint, what would be your opinion? Would your opinion be the same, assuming that the subcommittee was to adopt that amendment?

Mr. NASH. I think, Mr. Chairman, as far as the point that Mr. Keogh is addressing himself to, this amendment would take care of that.

Mr. McCORMACK. If that is so, assuming it is adopted, that seems as though the one point that Mr. Keogh has addressed the committee on would seem to concern the Defense Department, would be reasonably met; would it not?

Mr. KEOGH. That is correct.

Mr. McCORMACK. I am not asking you to go on record as favoring it. You could not do that, but it would be perfectly proper for you, in your testimony, to say that it meets the point without being construed that you gentlemen are committing the Department to this proposed or suggested amendment being presented to you only this morning.

I say that to protect your position.

Mr. KEOGH. Yes, sir.

Mr. McCORMACK. That is a fair statement to make to protect you gentlemen in your appearance before the subcommittee this morning.

Mr. NASH. Yes.

Mr. KEOGH. Yes, thank you.

Mr. McCORMACK. Is there anything else that either you or any of your assistants, those associated with you, would like to say? We would be glad to hear from you.

Mr. KEOGH. There was testimony as to the amount of donations, Mr. Chairman, and as to the merchandising methods or the quality of merchandising that has been done here.

I have some figures showing the trend of donations for educational and public health institutions by quarters starting in the fiscal year of 1954. You may be interested in those figures.

Mr. McCORMACK. It happens that my attention was concentrated on another matter. Would you repeat that for my benefit, please?

Mr. KEOGH. This is the trend of donations of the Defense Department surplus property to educational, health, and welfare institutions, starting with the fiscal year 1954, which shows the upward trends.

Mr. McCORMACK. We have gone into that. I think everybody agrees that there was an upward trend in what you might term dollar value, but there was a downward trend in percentage value or percentage-wise.

Mr. KEOGH. I think that Mr. Spencer has some figures on the percentage.

Mr. McCORMACK. If you want to, and you feel it is proper to put it in the record, of course you are entitled to do so.

Mr. KEOGH. The first quarter of 1954, the donations to educational-health institutions was \$11,500,000; in the second quarter of 1954, \$12,100,000; in the third quarter, \$17,900,000; in the fourth quarter, \$19,200,000.

In the first quarter, 1955, \$29,400,000; in the second quarter, 1955, \$28,300,000.

And for entire 1954, the fiscal year, a total of \$60,700,000.

And for the first 6 months of 1955 it was \$57,700,000, or an annual rate of \$115,400,000.

Mr. McCORMACK. Is that the acquisition value or what?

Mr. KEOGH. Yes; that is acquisition value.

Mr. McCORMACK. What would be the fair value? Have you any determination on that?

Mr. SUNDSTROM. We do not have the fair value.

Mr. KEOGH. We would not know what the fair value is.

Mr. McCORMACK. You have given enough information. It is the acquisition value.

Mr. MOSS. I have one question. I may lack familiarity that would answer it in my own mind. How do we know what the figures are for the second quarter of 1955 when we have not as yet completed the first quarter?

Mr. KEOGH. That is the fiscal year?

Mr. MOSS. The fiscal year.

Mr. KEOGH. Yes.

Mr. McCORMACK. Go ahead.

Mr. SPENCER. I would like to give that. The percentages of donations of total surplus available during the calendar year 1951 was 5 percent; 1952, 5.2 percent; 1953, 5.1 percent; 1954, 6.4 percent. Those are the percentages of the surplus available that were donated in those years.

Mr. McCORMACK. I take it that the Department is not opposed to the bill or its purposes?

Mr. KEOGH. We are not opposed to donations; no.

Mr. McCORMACK. And your Department wants the cooperation to the fullest extent possible consistent with other necessities in the whole program?

Mr. KEOGH. That is correct.

Mr. McCORMACK. There has been, of course, difficulty the last year; you know that?

Mr. SPENCER. I think that we need to say, of course, in the matter of stock funds, the comptroller's responsibility for the integrity of the stock fund is of particular concern to him.

The whole concept of donation, as evidenced by what has been accomplished here on our part, would indicate that we are wholeheartedly in favor of doing all that can be done.

Mr. McCORMACK. We will not go into that. We have the picture.

I might also state, gentlemen, that I would like to get your views as to some other amendments that have been suggested, and, I might say, have been carefully worked out.

The committee, of course, will consider them.

One reads as follows:

Strike out sentence beginning on page 2, line 23, and insert in lieu thereof the following: "Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization."

I realize that does not so much directly concern the Department of Defense as it does the Department of Health, Education, and Welfare representing the Federal Government.

I want to advise you that this has been suggested. If you have any comments to make, we would like to receive them. If not, we understand your position.

Mr. KEOGH. We have no comments.

Mr. McCORMACK. That is something that does not directly affect the Department of Defense.

Mr. KEOGH. Right, Mr. Chairman.

Mr. McCORMACK. And in no way would that amendment interfere with the main observation that you made.

Mr. KEOGH. That is correct.

Mr. McCORMACK. We also have an amendment which has been suggested as follows:

At the end of section 2 (page 2, line 12) insert the following: "The amendment made by this section shall be effective with respect to property transferred after the date of enactment of this Act."

Have you any comment that you want to make on that?

Mr. KEOGH. No.

Mr. McCORMACK. That does not directly affect the Department of Defense.

Mr. KEOGH. Mr. Chairman, it does not.

Mr. McCORMACK. Have you any estimate—the best you can—of the volume of property which will be declared by the services this calendar year to be surplus? I am including in and out of stock funds.

Mr. KEOGH. The estimate is about \$2 billion again this year. We do not have any exact figures on that, Mr. Chairman.

Mr. McCORMACK. Can you give us any idea how many persons are employed by the Department of Defense in this particular work?

Mr. KEOGH. In the entire program, Mr. Chairman?

I believe that Mr. Sundstrom might be able to answer that.

Mr. SUNDSTROM. Sir, we do not have an accurate number on how many we have throughout the Department of Defense, but generally, our estimate of the services are that there are approximately five to six hundred disposal offices. The number of persons that they have vary from 1 assistant as a secretary, up to 14 or 15 persons, many of whom are laborers, working in scrapyards, so that it is very difficult to judge because we do not have it accurately.

We also have difficulty in determining that for the reason that numbers of persons are on a part-time basis. They have disposal in addition to other duties.

We just do not have an accurate total man-year figure.

With the development of Operation Clean Sweep, we have had to put on additional personnel in certain areas.

And when I say "We" I am talking about the services.

As you probably are well aware, we generated a good deal more excess property, war surplus, during this past year. In handling personnel they have increased it. That generally is about as good an estimate as we can give you at this time.

Mr. McCORMACK. Are those civilians you are referring to?

Mr. SUNDSTROM. The bulk of them are civilians—probably 80 to 90 percent civilians.

Mr. McCORMACK. Are there military personnel also used?

Mr. SUNDSTROM. Yes, there are—both on staff and as disposal officers at camps, posts, stations, bases, et cetera.

Mr. McCORMACK. The information you just gave, is that confined to the civilians? It does not include the military?

Mr. SUNDSTROM. No, sir; that would be the aggregate. I am talking about the manpower, rather than civilian or military manpower.

Mr. McCORMACK. There would probably be several thousand involved?

Mr. SUNDSTROM. Conceivably.

Mr. McCORMACK. Several thousand is very vague. Could you break it down and give us a little more specific information? Would it be two, or three, or four, or five, or up to seven or eight thousand?

Mr. SUNDSTROM. No, sir; that, I think, is probably a figure close to 2,000, which would be closer, about as exact an estimate as we can make. That is fairly conservative.

Mr. McCORMACK. Can you give us any idea as to the total annual cost?

Mr. SUNDSTROM. No, sir. A large number of the people who are classified as "disposal people" are scrap-yard laborers who work on an hourly wage basis and who are hired from time to time. The services might quarrel with me on this, but from the personal observation standpoint, from what I have learned I would say that the average military personnel was of the rank of about a first lieutenant or the equivalent in the other services; that the average top-graded civilian ranged all the way from a grade 5 in the civil-service structure to about a grade 11, in a few places.

Mr. McCORMACK. What rank of officer? Who conducts the sales, the military or the civilians?

Mr. SUNDSTROM. It is a responsibility, of course, of the commanding officer, who in many instances, has a military man as the head disposal chief. Then, for continuity purposes, he has a civilian chief as a rule who represents the continuity at the camp, post, station, or depot.

Mr. McCORMACK. So that the sale is under the military?

Mr. SUNDSTROM. Yes, sir.

Mr. KEOGH. That is correct.

Mr. McCORMACK. What grade officer usually does the actual conduct of it—what rank of officer?

Mr. SUNDSTROM. More often a first lieutenant or captain, Army grade, or the equivalent in the other services. Sometimes, they go as high as a commander in the Navy and majors in the Army.

Mr. McCORMACK. In other words, the commanding officer in whose jurisdiction the sale is being made delegates it to someone down the line?

Mr. SUNDSTROM. Not entirely, sir. He has to assume a lot of initiative and responsibility "to be sure" for the sale. However, involved

in the instance of the Army, of course, is the contracting officer in the procurement office who will usually contract for such arrangements as command contracts.

Mr. McCORMACK. What is the salary of the average disposal officer or what is it of the civilian?

Mr. SUNDSTROM. For the reasons that I have mentioned, it varies all the way from 5 to about grade 11 and the average would probably be grade 7 or 8, plus or minus, \$4,500 a year.

Mr. McCORMACK. In connection with the disposal of property auctioneers are used?

Mr. SUNDSTROM. That is right, in some instances. We have a figure of 14 percent of our property being sold—that is acquisition cost—by the auction method in the calendar year 1954. In other words, 86 percent of the property is sold by competitive sealed bids or other methods.

Mr. McCORMACK. What do the auctioneers receive?

Mr. SUNDSTROM. That also varies. They compete for the privilege of conducting these auction sales. In competing, as they do, the fee that they get is much smaller in one instance than in another. It has varied all the way from actual losses on the part of some of the auctioneers to \$7,000 or \$8,000 for 2 or 3 sales, if the amount of the property was large.

Mr. McCORMACK. In the annual cost, does that include the \$40 million of receipts used for the purpose?

Mr. SUNDSTROM. No, sir. Not in the auctions.

You may be interested in this. We ran a tabulation on 22 of the auctions that the Navy and the Air Force held. They sold \$81 million worth of property, in these 22 sales, and the net proceeds of those sales averaged 13.9 percent.

I know there is considerable interest on the part of the committee in the auction sales method.

Mr. McCORMACK. You say the net proceeds?

Mr. SUNDSTROM. That is right.

Mr. McCORMACK. The other day we could not get any figures about the net proceeds from the Department of Defense; said that you could not break it down very well. Do you now say net proceeds?

Mr. SUNDSTROM. I do not believe that the Department of Defense, represented by supplies and logistics testified the other day.

Mr. McCORMACK. Does that include 201 (c) property?

Mr. SUNDSTROM. Exchange sale?

Mr. McCORMACK. Yes, sir.

Mr. SUNDSTROM. Yes, sir.

Mr. McCORMACK. Is that not mostly new property?

Mr. SUNDSTROM. I do not know that it is mostly new property. There has been a lot of new property in the few cases, I think, particularly a Navy sale in Rhode Island, and one in Port Hueneme, Calif., where there was considerable new property. I am told, also—that is very informal to be sure—that it is a very incidental part, that is, the value of the exchange sale property in this total—it is an incidental part of over a billion dollars worth of property sold during the past year, for example.

Mr. Moss. Occasionally, lots are withdrawn prior to the completion of the sale at these auctions. What is the criteria used when you withdraw from the sale an auction offering?

Mr. KEOGH. I should like for Mr. Sundstrom to answer that.

Mr. SUNDSTROM. Our policy in the Department of Defense since last July has specified that the lots will not normally be withdrawn once they are advertised for sale. In the few instances where the amount of withdrawal was needed to meet a military requirement, we have pulled some of the property, but I do not think that in any case have we pulled all of the property.

I can think of an instance of a sale last spring when we had a large quantity of wire rope at Lathrop, Calif. We did pull part of that, because of a generated requirement.

Mr. Moss. In other words, the needs of the service would be the only time that you would withdraw a lot and if it does not produce enough at bid, do you withdraw it?

Mr. SUNDSTROM. Oh, yes, sir. If they do not meet an upset price, that is set for every lot.

Mr. Moss. What is the criteria there—is there any general rule, or is one applied?

Mr. SUNDSTROM. It is a matter of judgment on the part of the disposal officers who are familiar with the local market conditions, what the property would normally sell for on a sealed-bid basis.

The factors are the condition of the property, the quantity of it, et cetera, if it does not meet an upset price that he establishes on it, then it is withdrawn from sale.

Normally, you will readvertise it and an attempt is made to sell it later.

Mr. Moss. There is no general rule laid down by the Defense Department as to the percentage that must be realized of the value?

Mr. SUNDSTROM. No.

Mr. SPENCER. There is one other point that withdrawals might occur in, that is, in the case of impact on industry. Sometimes the property is listed for sale in an auction before we are able to expedite the action, and in a very few cases, we have had to withdraw property from an auction because it was judged to be an impact on an industry and we had to make other provisions for its disposal, but there have been very few cases.

Mr. McCORMACK. My impression was that under the law the General Services Administration would be the disposal agency of surplus property.

Mr. SPENCER. That has been delegated to the Department of Defense.

Mr. McCORMACK. By whom?

Mr. SPENCER. By agreement with General Services Administration and ourselves.

Mr. McCORMACK. When was that agreement arrived at?

Mr. KEOGH. Mr. Chairman, that was between Mr. Mansure and Mr. Thomas, who was then Assistant Secretary of Defense on January 11, 1954.

Mr. McCORMACK. Congress intended the General Services Administration to be the disposal agency. Are you speaking of an agreement where the General Services Administration have a voice in either advising or in any way collaborating with the Defense Department to see that the fair value was received on the surplus property sold?

Mr. KEOGH. Substantially, all directives or instructions are either the result of joint efforts with General Services Administration or they have reviewed them or concurred in them.

Any directions or instructions that have been put out by the Defense Department—

Mr. McCORMACK. I mean, take these sales, these big bulk sales, does General Services Administration have any voice at all in determining whether the taxpayers are getting back a fair price? Let me ask the General Services Administration representative on that. Is that so—have you any voice?

FURTHER STATEMENT OF JOHN THOMAS, DIRECTOR, PERSONAL PROPERTY UTILIZATION DIVISION, FEDERAL SUPPLY SERVICE, GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY CHARLES GASQUE, ASSISTANT GENERAL COUNSEL; AND LOUIS TUTTLE, GENERAL SERVICES ADMINISTRATION

Mr. THOMAS. Not directly, sir. We are not in it at the time of the planning of the sale.

Mr. McCORMACK. You are not what?

Mr. THOMAS. Not directly. We are not in at the time of the planning of the sale of an agency. The sale is developed and planned and advertised. We are not in at that initial stage.

I would like to say that to my knowledge, I have no knowledge of any special delegation which might have been indicated here to the Department of Defense. We have delegated the authority for disposal in all instances, but there has been no special designation.

Mr. McCORMACK. In connection with the other agencies, does the General Services Administration retain any power?

Mr. THOMAS. No, we do not. We have delegated that across the board to all agencies to make their own disposal. But we still try to supervise to the best of our ability with the funds that we have.

Mr. McCORMACK. That is important, of course, with the funds you have. Does that have anything to do with this delegation, the fact that you have not got the funds?

Mr. THOMAS. I did not understand the question, sir.

Mr. McCORMACK. I will not press that question.

The Department of Defense has the greatest bulk or percentage of surplus property?

Mr. THOMAS. That is right—that is correct. They generate the largest majority of it.

Mr. McCORMACK. The other departments are not so large in volume?

Mr. THOMAS. No, not in comparison. The one nearest to the Defense Department is the Atomic Energy Commission, and then they fall down in line according to the amount they generate, such as the agencies like Agriculture, Commerce, and so forth and so on, but the Department of Defense does develop the largest amount of surplus.

Mr. McCORMACK. Are there any further questions?

Mr. SPENCER. On that matter of the relationship of General Services Administration's amounts in relation to our own, it might be interesting for you to have this information. In 1953 we had 550 million and General Services Administration, according to their in-

formation, had one million nine. In 1954 we had \$1,184 million in sales, and they had \$5 million.

The ratio in the case of the latter is 237 to 1. I know of no case where General Services Administration has asked for participation in any of these activities. They would have been welcome. In every case where their interests are concerned, we have either by agreement or by referring to them, given them an opportunity to have their say in these matters.

Mr. McCORMACK. Is the agreement now being revised?

Mr. SPENCER. I know of no agreement of the disposal that is being revised unless General Services Administration is initiating it.

Mr. McCORMACK. Do you know anything about that?

Mr. THOMAS. We are working within General Services Administration on a sales plan. It is within ourselves. We have not gone outside of the agency with it. We feel, being charged with the responsibility by Congress—that is, the direction and supervision of sales—that we must, at all times, have on hand a sales program. We are working with that. We are developing it, but as I say, it has not gotten beyond General Services Administration.

Mr. SUNDSTROM. In this last year we have worked cooperatively with General Services Administration on all of our instructions which directly affect the sales of surplus. I am sure that they would be quick to acknowledge that in the development of our merchandising plan which is our basic policy guidance on the sales of surplus, they had the opportunity to comment, review and to concur.

In other matters, such as directives that we have put out on scrap, demilitarization and other facets of the merchandising program we have worked very cooperatively with them. As a matter of fact, with respect to the Joint Industry Advisory Committee on the disposal of surplus personal property, the membership of that Committee, selected from industry, was selected by Mr. Mansure and Mr. Pike.

It is our joint committee. They consider surplus disposal programs. From time to time General Services Administration may share the leadership situation. Mr. Mansure is the vice chairman of that committee.

This is just to clarify the record with regard to our cooperation on the sales of surplus.

Mr. KEOGH. I might point out that Mr. Spencer is chairman of that committee. I would like to read about four names here to give you some idea who those people are. There is Mr. Wheelock H. Bingham, president of R. H. Macy & Co.; there is Mr. L. D. Greene, who is a member of the Hoover Commission task force on disposal; Mr. Carl Kresl, formerly of Sears, Roebuck & Co., who is on the Hoover task force for disposal; Mr. James L. Palmer, president of Marshall, Field & Co.

Those are just some of the names that are on this Industry Advisory Committee.

Mr. Spencer, staff director here for the disposal division was loaned to us by Sears, Roebuck & Co. He has been in just under a year. He has had 27 years of merchandising experience with the last 21 years with Sears, Roebuck, as a top executive in the merchandising field. He has been responsible for carrying on this program in merchandising.

Mr. McCORMACK. Mr. Thomas, you wanted to make a statement?

Mr. THOMAS. I would like to state here, and back up the statement made by Mr. Sundstrom, that since I have been at the staff office of General Services Administration since last July, that we have had very fine relationships with the Department of Defense, supply and logistics. However, I will say that at times they have not gotten the word down from the top level.

In each instance, where we brought it to the attention of the gentlemen who are here this morning, we have had the finest type of cooperation from them.

Mr. KEOGH. I would like for the record, to put in the same response for the Department of Defense; that is, our Department. We have had the finest of working relations with General Services Administration.

Mr. MOSS. Do you have any figures with you showing what you realized on the sale at Sharpe General Depot, Lathrop, Calif., for the last year?

Mr. SPENCER. That was held in April of 1954.

Mr. MOSS. October 25 and 26.

Mr. SUNDSTROM. We do not have that.

Mr. SPENCER. I do not believe I have it.

Mr. MOSS. \$26 million sale, acquisition cost, billed as the biggest public auction in United States Army history, Operation Jumbo.

Mr. SPENCER. We do not have those figures here.

Mr. MOSS. I wonder if we might have those figures made available to us?

Mr. SPENCER. Yes, sir.

Mr. MOSS. I think this is a very representative offering. There is a great variety of material. It states here that it is mostly unused.

Mr. SUNDSTROM. The figures that we do have, Mr. Chairman, are for property that was comparable. I happened to have visited the first auction, the one to which Mr. Spencer began to refer—the one in April at Lathrop.

I knew the kind of property that was in excess and that was contemplated for sale later, at the sale that you referred to.

While we may be able to get some figures on that, we have them for a similar type of property for an earlier sale.

Mr. McCORMACK. He want it for this sale.

Mr. MOSS. This would be particularly helpful if we have the figures on this sale.

Mr. KEOGH. We will have them for you.

Mr. McCORMACK. The Department will produce the figures, and they will be made a part of the record of this point.¹

Mr. MOSS. Going back to the amount of property which has been donated from the first quarter of 1950 through the second quarter of 1955, is any of that in the stock fund items?

Mr. SPENCER. We presume that there are quantities in stock funds, also. We have no figures on that, sir.

Mr. MOSS. You are expanding your stock fund program now and bringing it down to the bases, fields themselves?

Mr. KEOGH. That is out of our area. That is a comptroller's item.

¹ See communication to Mr. McCormack from T. P. Pike, Assistant Secretary of Defense for Supply and Logistics, dated February 23, 1955, which appears on pp. 292-294.

Mr. MOSS. Would that not have an effect on the amount that would ultimately be made available as the program expands?

Mr. KEOGH. It could conceivably be, if it went far enough.

Mr. MOSS. It probably would; would it not?

Mr. KEOGH. I think that is something that the comptroller would have to answer. It is out of my area.

Mr. MOSS. That is all.

Mr. McCORMACK. Mr. Jonas.

Mr. JONAS. I would like to ask 1 or 2 questions. I notice in this sale referred to by Mr. Moss that the advertisement indicates that it was a public auction.

Do you mean the items were put up and sold under the hammer to the highest bidder?

Mr. SUNDSTROM. In that case, yes, sir. We do have situations where we have a combined sealed bid auction-type sale where, if someone cannot attend he may offer a sealed bid offer on the lots offered.

Mr. JONAS. Why do you have the different types of sales?

Mr. SUNDSTROM. The reason for having various methods of sales are several. Certain types of property we feel lend themselves to getting better returns by the auction method when they are in sufficient quantities than by sealed bid method, which normally is addressed to a more limited clientele, more often the surplus dealers who have a special interest in other types of property we feel do not lend themselves to sale by auction. For example, scrap and certain salvage items.

Another reason that we authorized these auction sales was incident to Operation Clean Sweep, the end purpose of which was to rid the military systems of unneeded property and the cost of maintaining and storing it. We knew that we could divest ourselves wholesale-wise of larger quantities of property using auctions. Those are the two principal reasons.

Mr. JONAS. What type of sale do you usually conduct for so-called common-use articles?

Mr. SUNDSTROM. They are sold by both competitive sealed bid and the auction methods.

Mr. JONAS. How do you decide which kind of sale you are going to have?

Mr. SUNDSTROM. Well, we do not make the decision, you understand. The program is highly decentralized. The disposal officer at the camp, post, or station normally recommends to his authorities on the base the kind of sale that he thinks he ought to have to get rid of this property.

In the case of the Army they have to go to the Army area headquarters for approval to conduct the auction sale.

Mr. JONAS. So the program is highly decentralized, then?

Mr. SUNDSTROM. That is right.

Mr. JONAS. The ultimate decision is made in the field?

Mr. SUNDSTROM. That is right, sir.

Mr. JONAS. As to the type of sale.

Mr. McCORMACK. Among the military?

Mr. SUNDSTROM. Military and among others. The permanent staff normally are civilians.

Mr. McCORMACK. I know, but we are not asking these questions idly. They are not for any purpose but to get information. Take this particular sale here—who would decide that that was a sale?

Mr. SUNDSTROM. In this case they had one major who is the disposal officer. He would have to go to the commanding officer with a recommendation that they have an auction sale. The commanding officer of the depot would approve an application for such a sale to the Sixth Army Headquarters in San Francisco, where the military commander or his representative would, in effect, approve it.

Mr. McCORMACK. So that the military recommend and the military decide whether there will be a sale and the type of the sale?

Mr. SUNDSTROM. The military may not initially recommend—it may be the civilian officer—but the military are in control of these camps, post, depots, et cetera.

Mr. JONAS. And make the final decision?

Mr. SUNDSTROM. Absolutely, sir.

Mr. McCORMACK. Then the civilians are called in to the extent that it is necessary and available to help out?

Mr. SUNDSTROM. As I think I mentioned the staffs are largely made up of civilians. In the case of the Sharpe General Depot at Lathrop, which is a large one, I recall only one officer on the staff who had a principal civilian assistant and several other subordinate supervisors, including one for the scrap yard.

Mr. McCORMACK. Are most of these civilians employed in the labor category?

Mr. SUNDSTROM. That is correct. Most of them work in the scrap yard and are pushing these surpluses around. There are supervisors who are civilians who run from a grade 5 up to a grade 11.

The CHAIRMAN. They would be under the military?

Mr. SUNDSTROM. Yes, absolutely.

Mr. JONAS. When you decide to have a sale of the sort conducted at Lathrop, which was an auction sale, what method do you use in acquainting the general public with the fact that the sale will be held? What distribution is made of the catalogs?

Mr. SUNDSTROM. The thing that you are holding there, we usually refer to as a brochure. That is an advanced flier which is distributed. In the instance of the April sale, and I have no reason to think that their technique would change, except perhaps to improve it—they had about 10,000 of those advanced fliers which were sent to known bidders who were interested in the kind of property offered at the sale. There was public advertising of the April sale as I recall in five national newspapers, from New York to California and in the South. There was trade journal advertising, that was handled by the auctioneer. He got into the trade journals where there would be interest on the part of the readers for the kind of principal property offered at the sale. There was radio and television advertising locally. There was extensive use of local newspapers on the specific area wherever they felt there might be some end-user interest in addition to the dealer interest.

As a matter of fact, I recall that in the April sale one of the persons who was up there was from the city of Fresno. He was up there to buy some pipe for the municipality. There were farmers there who were interested in some of the used tractors.

I did not mention the post offices. The Post Office Department and ourselves have a working agreement, and General Services Administration is tied in on it—whereby the panel cuts which have a slot on each side for advertising wherein we have used that for this sale. These placards were used in all of the Pacific coast cities. The post office also carried fliers like you have there, the brochure on their bulletin boards.

On request, if someone is interested through this tickler that you have he might write in for a free catalog which gives all details and information with regard to the sale and the terms and conditions of the sale.

Mr. JONAS. There was an intimation made the other day at a previous hearing, that at some of your conferences, the one held in Norfolk, and I believe at one in Florida, and probably others, that some effort was made to exclude small dealers in order to restrict the conferences to the members of the Surplus Property Institute. I believe that was the title of the organization. Would you care to comment on that?

Mr. SUNDSTROM. I would like Mr. Spencer to handle that. We were both at the conference in question but he could comment better on that than I can.

Mr. SPENCER. The purpose of providing the surplus dealer an opportunity to speak was to permit him to tell his side of the story to the disposal officers, so that they would know what the problems on the questions are.

In subsequent conferences, local surplus dealers, as opposed to the institute were invited to do likewise, so there was no favoritism intended.

In the case of the conference at Norfolk, the script from which the speakers of the institute worked has been furnished to us and we can find nothing in that that would be in line with the testimony given the other day by the gentleman who spoke to that matter.

Each of these conferences as they are planned are intended to provide the very best opportunity for the disposal officer who is the sales factor in this business to understand what he has got to face with his customer.

Those people are only on the program during the period while they are to speak. They are not allowed to attend any of the conferences. They do not fit in, nor do they have any informal conversations with the members of the conference.

I cannot believe that there is any influence such as was mentioned.

Mr. JONAS. I take it from your statement that the people who were at the conference from the institute were invited to make speeches or were to deliver talks?

Mr. SPENCER. To deliver a talk, as was an auctioneer.

Mr. McCORMACK. For what purpose?

Mr. SPENCER. To acquaint the disposal officers with the point of view of their customers. After all, the disposal surplus dealers, as well as the other types of customers they have, have some points of view as to what they are interested in, the activities that go on in the disposal sales.

Mr. McCORMACK. Would not that be more effectively accomplished in the trading talk, rather than getting up there and making a speech?

What would be your view on that? In other words, if you are the disposal officer negotiating, he wants to get the best price possible.

Mr. SPENCER. We are not selling anything here at this conference. The purpose of this is to train the disposal officer. We are just giving them one avenue of knowledge about what goes on, on the other side of the fence—nothing at all different than we do in any industry where we tried to judge what our customer wants us to do. We bend as far as is practicable toward the customers' desires.

Mr. JONAS. Do you know the composition of the institute?

Mr. SPENCER. I do not, sir. I understand that it consists of several thousand members.

Mr. JONAS. Is it a sort of trade organization or an association?

Mr. SPENCER. It is a trade association, yes.

Mr. JONAS. Of dealers in secondhand property or surplus property?

Mr. SPENCER. Surplus property. My understanding is that, although I have no facts to back it up, there are all kinds of size of operation involved in that membership. It is mostly concentrated on the eastern seaboard.

Mr. JONAS. Is there any other organization of dealers that you know of in the field, such as this institute?

Mr. SPENCER. There may be, but we have not had them brought to our attention, per se.

Mr. JONAS. It is an organization, so far as you know that represents all the dealers for the secondhand or surplus property?

Mr. SPENCER. That is what their purpose is—that is what they are organized for.

Mr. JONAS. I think it was Mr. Keogh who said that there would be \$2 billion worth of property available for disposal in 1955.

Mr. KEOGH. That is only an estimate. We do not have any exact figures.

Mr. JONAS. Is it \$2 billion acquisition cost?

Mr. KEOGH. Acquisition cost?

Mr. JONAS. When you say that will be scheduled for disposal, do you mean in donable property as well as through sales?

Mr. KEOGH. That would include everything.

Mr. JONAS. Do you have any figures indicating what amount of that you would propose, in the absence of additional legislation, to sell and what part would be available for donation?

Mr. KEOGH. I do not know that we could break that down.

Mr. SUNDSTROM. May I speak to that, sir? We can only assume that the trend will continue. There may be, as Mr. Moss has pointed out, some setback, if clarifying authority with regard to the donation stock-fund property was not made, but assuming that it was, we have no reason to expect anything except that the incidence in the total available surplus would go up, donationwise as against saleswise. Does that answer your question?

Mr. JONAS. Yes; but that is contrary to some testimony this committee had the other day which indicated that the amount of property available for donation was petering out. For example, Mr. Barry stated that in his opinion it will continue to drop off until within the course of a few months it will be practically nothing.

Mr. SUNDSTROM. Our recent history does not indicate that, sir. All we can base our estimates on is a judgment plus trends already

established in the record which indicate that it is climbing sharply. Just to remind you, for the 4 quarters that were quoted, the total donated by the Department of Defense to help in educational activities in the fiscal year 1954 was 60.7. And the following 2 quarters, the first quarters of 1955, the trend is sharply up to the point where it is 57.7 which would seem to indicate that we might expect an annual rate of \$115 million being donated during——

Mr. JONAS. Fiscal 1955?

Mr. SUNDSTROM. During the fiscal year, we have no reason to think that it will drop off and we have no inclination to discourage more of this property being donated than sold, insofar as the non-stock-fund property is concerned.

Mr. JONAS. Do you have any figures comparable to the ones that Mr. Keogh read into the record this morning, which listed the quarter-by-quarter totals of donated property, a record showing quarter-by-quarter sales?

Mr. SPENCER. I do not have the quarter-by-quarter sales, but I have them on an annual rate here.

Mr. JONAS. What would they be for 1954, which would be a figure that would compare with the 60.7?

Mr. SPENCER. This is a calendar year—the figures that I have—1954—the calendar year.

Mr. JONAS. That would indicate two quarters of 1955. Then the figures would not be comparable.

Mr. SPENCER. I can give you them for 1953. I will give you both 1953 and 1954, if I may. In 1953 the total sold was \$700,913,997.

The proceeds from that were \$52,657,565, or 7.4.

In 1954, \$1,385,875,586. And the proceeds were \$106,424,872, or 7.6.

The last 6 months, incidentally, of the calendar year 1954, the sales were \$638,207,667. The returns were \$63,794,762, or 10 percent.

Mr. McCORMACK. That is gross, is it not?

Mr. SPENCER. That is gross.

You could conclude from our estimate of 2 billion, which is our estimate, that we anticipate more property being available in total from which sales would undoubtedly run somewhere at the rate of 1954, I would presume, and in the incident of donation we see no reason for it to change.

Mr. MOSS. You just made the statement that you see no reason for it to change. Of course, it would change considerably if we passed H. R. 3322.

Mr. SPENCER. If you did what?

Mr. MOSS. If we had the bill that we have before us passed by the Congress, it probably would change, would it not?

Mr. SPENCER. I would presume that it would go beyond the limits, but without any change at all I——

Mr. MOSS. If you expand your stock-funding operations to include individual bases, is it not conceivable then that it would also change—most of this property is generated at individual locations around the country, is it not?

Mr. SPENCER. That is right.

Mr. MOSS. You stock-fund those inventories, and if you stock up on those, there should be a change anticipated there.

Mr. KEOGH. The stock-funding and accounting procedures are beyond us—out of our area.

Mr. Moss. In commenting on whether or not a change would be possible and your commenting on that part of it—you should qualify your comment to indicate that you are not including those possibilities.

Mr. SUNDSTROM. I think I spoke to that. I might not have made myself clear. If H. R. 3322 were adopted, obviously more property would be available for donation and we would expect more aggregate on incidentwise donated during the coming year.

Mr. Moss. Is it not probably true more of these desirable properties from the standpoint of schools and hospitals is in the stock-funded items than in the non-stock-funded items?

Mr. SUNDSTROM. That is absolutely correct.

Mr. Moss. Unless it is found that we would have a gradual drying up—that would be an expectation as you expand the program to individual institutions?

Mr. SPENCER. What I am trying to say is that stock-fund acceleration has been going on during the period in which these figures were developed, which makes me think unless there was a terrific acceleration of stock funds far greater than we have seen up to now you would not affect these figures to any great degree.

Mr. Moss. We have had it indicated that there is that acceleration of stock funds.

Mr. SPENCER. Someone else will have to answer how fast the stock fund will go along.

Mr. Moss. Getting back to this matter of an upset price on offerings at Lathrop, other than military considerations, no item is withdrawn from the sale because it is not bringing in the proper price?

Mr. SPENCER. If it does not reach the upset price, the auctioneer is not authorized to sell it. It is withdrawn from sales.

Mr. JONAS. There is a definitely determined upset price on each item?

Mr. SPENCER. That is correct.

Mr. Moss. Is that true in all branches of the service?

Mr. SPENCER. That is the Department of Defense policy.

Mr. Moss. That would then be binding on the services, yet on an offering at Davisville, R. I., on December 1, 1954, that did not seem to be the case—there was no upset on about \$51½ million worth of material. There was no predetermined upset price.

Mr. SUNDSTROM. I cannot answer that. Normally, that would be the case.

Mr. Moss. This one went until 1 o'clock in the morning in December.

Mr. SUNDSTROM. Which we advised against.

Mr. Moss. But you cannot direct it?

Mr. SUNDSTROM. We have advised against them in our policy directives. With a decentralized program and a limited staff of five professionals for the Department of Defense, we cannot go to all of these.

Mr. Moss. Who would be responsible for permitting that to go until 1 o'clock in the morning?

Mr. SUNDSTROM. Well, normally, that would not occur. That has occurred in a few instances, but we have taken steps to advise that it should not happen again, but with the decentralized program such as we have to have and we feel is desirable we have to assume some responsibility at intermediate echelons down the line; generally, we

find they comply pretty well with our policy. This is an unusual case that you mention.

Mr. Moss. I notice in an article here from Popular Mechanics magazine of February—this month's issue—a comment on some of these sales. In one instance—well, again on the Lathrop, Calif., sale—1,000 catalogs were mailed out to prospective bidders in the United States and 13 foreign countries.

Do we have much bidding from foreign countries for this material?

Mr. SUNDSTROM. On the coast and in Texas we have quite a bit, particularly from Mexican and Central American countries. We are always glad to see that, especially where we might have impact items, like leather, textiles. We are always glad to have them interested. They seem to be interested in those impact items that are causing hardship to some of our smaller industries.

Mr. Moss. In this decentralized program where you are putting together a sale or setting it up, it leaves quite a bit of discretionary authority at a fairly low level; is that correct?

Mr. SUNDSTROM. Let us say with regard to the lotting, and that sort of thing, yes.

Mr. Moss. The determination of the upset price?

Mr. SUNDSTROM. That is correct, sir. On the other hand, in the case of the Army, for instance, which interested itself to the extent of having the Army area disposal officer there who is usually about lieutenant colonel grade—he interests himself personally and is always in attendance prior to the sale, during the planning stage, and during the conduct of the sale. He gives both stages his advice and counsel.

Mr. Moss. Do we bond people who have this wide authority in connection with the sale?

Mr. SUNDSTROM. I am afraid I cannot answer that. If they handle money I am sure they are bonded.

Mr. McCORMACK. Who determines the upset price?

Mr. SUNDSTROM. The upset price is determined by the local disposal officer, based upon his best judgment of market conditions. His experience in sales of the type of property that are being offered for sale and the particular lot.

Mr. McCORMACK. The disposal officer, you say, as has been testified, he is usually an officer of the rank of lieutenant or captain?

Mr. SUNDSTROM. About that rank, lieutenant or captain.

Mr. McCORMACK. How are his qualifications determined to be a disposal officer on matters of this kind, on large sales of this kind of these tremendous amounts?

Mr. SUNDSTROM. We have a number of instances that we know of where there is some turnover, to be sure—

Mr. McCORMACK. Pardon me?

Mr. SUNDSTROM. There is formal training.

Mr. McCORMACK. Go ahead.

Mr. SUNDSTROM. He normally has formal training. That is at a disposal officer's school, but not infrequently he is elected for this duty because of some civilian experience.

Usually the Regular Army officers, for example, the West Point men do not end up as disposal officers. Sometimes, though, they do but more often than not it is a reservist who has had some background either as a scrap yard man or in merchandising.

Mr. McCORMACK. It is usually then a man who goes into civilian life in the sometime near future?

Mr. SUNDSTROM. Not infrequently, I understand.

Mr. McCORMACK. I understand that we have a corrected copy of a report here from the Bureau of the Budget as of October 4, 1954—the Department of Defense sold \$1,184,319,708 worth of property at the acquisition cost. That is the acquisition cost of the property sold and donated in the fiscal year 1954. The gross proceeds of this sale were \$67,162,663.

The percentage of gross return was 5.7 percent, ranging from 5.4 to 8.8 on the different sales. The average was a gross 5.7.

Mr. SUNDSTROM. This is a selected group and I think that it was somewhat established the other day that it was rather a small sample. I happened to be a member of the team——

Mr. McCORMACK. \$1,184,000,000 is a small sample?

Mr. SUNDSTROM. I am just looking at something handed to me by the Bureau of the Budget. If I understand correctly, these are the summary findings of this joint task group of which I happen to be a member. It is addressed to the Department of Defense stock-fund question. This is sold and donated property.

I was wondering why our figures were different. Of course, our figures for sales and donations are on a calendar year basis. That may account for some of the difference, but I was curious about the number.

We do not lump into the total the donated property and then charge against that the proceeds to get the incidence. We do not think that is quite fair because when we give the property away—when we donate it—it is not fair to charge total surplus, as it were.

There are only two ways that we can dispose of surplus property: We can either give it away or sell it.

If we are going to use percentage returns, it seems only fair to us that we charge it against that which is sold, not lump the sold and donated.

That probably accounts for our much higher figures.

Mr. SPENCER. Our comparisons are on the same basis each year. There is no distortion.

Mr. McCORMACK. Do you feel that under the system that you have with military men controlling not only the initiation, the upset price, the sale that you can get as much facts on the property sold—we are talking about the sold property now—that the General Services Administration could?

Mr. SPENCER. I would like to answer that question. I believe that the method we are using is dictated partly by the problem that exists, and where the property is, and how that property must be sold without undue cost of moving.

In view of the fact that the property is in some other location, the problem you face is to man the sale at the point of its existence at the lowest cost possible and to the very best return you can get from the property.

I do not believe that you could create a merchandising or sales staff that could be traveled to these places to take over that function, if you please.

So the choice would be as is the choice in my own business of Sears, Roebuck & Co., that we train the people as best we can to do the

job at the point of the location of the merchandise. There are all sorts of headaches involved in this business of training people, particularly in the environment which we are faced with here.

We have military people who are not always trained as merchants. We have civilians who are brought in primarily to do this job whom we presume—and our evidence would indicate—have merchandising training of some kind.

It is our desire to continue every possible means through schools, through conferences, and through publications to put better informed people in the jobs.

I put this proposition to you that with the property in as many places as it is, you would be hard put to it to manufacture a quick remedy for doing the job of selling by having experienced people, to bring them to the property. I think that you would be slowed down to a walk.

Mr. McCORMACK. My question was, Do you think that the taxpayers are getting as much back on the sale of the property that is sold through the present procedure as it would if the General Services Administration were to dispose of it?

Mr. SPENCER. I cannot say what the answer would be. I have no idea what General Services Administration's plan of attack would be. I do say that they would be faced with the same problem that we are faced with unless they wanted to have a large force of experienced salespeople that would travel to these locations.

They would have to have someone to do this job.

The more likely ones are the people at the military installations where the property is.

Mr. McCORMACK. Have the bidders been numerous on these large bulk sales?

Mr. SPENCER. Yes, they run as many, in the case of the auction where we have had as many as 3,000 in attendance. In the case of sealed bids—they circulate those through a bidders' list that is developed and has been over the years, to all interested bidders in those classes of property—they will send out bids to varying numbers, as high as five or six hundred names to a sealed bid.

Mr. JONAS. Right on that point, may I ask a question? I have in my hand a catalog of the sale of a vast quantity of earth-moving equipment at Davisville, R. I., on November 30, 1954. I notice it is stated here that 5,000 were in attendance on the first day of that sale, and 4,500 the second day.

The question I want to ask is why did you have so much earth-moving equipment at Davisville, R. I.? Had it been there all of the time, or were these articles moved in there in preparation for this sale?

Mr. SPENCER. I personally do not know what the circumstances were that brought this property out, except that it was delivered to us and screened for need.

However, a large part of that particular property at Davisville, I understand, was exchanged sale property.

Mr. JONAS. What do you mean by "exchange sale property"?

Mr. SPENCER. I will refer that to Mr. Sundstrom who I believe, can answer it better than I can.

Mr. SUNDSTROM. Under the provisions of Public Law 152 we have the opportunity in the Department of Defense to trade in property that is used on new property of a similar type, or the same type. The

value of the trade-in is credited against the cost of sale. By such method the Department of Defense—Army, Navy, or Air Force—has the opportunity for actually a reduced price on the new item, because the proceeds from our other nonstock fundable property goes into the miscellaneous receipts, et cetera.

Mr. JONAS. I understand all of these were sold at this sale on November 30, last year. My question was, Why did you have so many dump trucks and tractors and trailers, perhaps hundreds of them, there at Davisville, R. I.?

Mr. SUNDSTROM. If I may say so, we are the tail end of the continuum from requirements through procurement and supply management, and down at the end we have the unwanted child called surplus property which we must dispose of. We do not, of course, have anything to say about the problems that are created along the line. I do not know who determines what the requirements are, but these surpluses do develop. When they develop, it is our job to get rid of them for the best return possible to the Government.

Mr. JONAS. The question is, Were these items found at Davisville or were they moved there for the purpose of this sale?

Mr. SUNDSTROM. I cannot answer that question. I can furnish you the answer.

Mr. McCORMACK. Would you furnish that at this point in the record?

Mr. SUNDSTROM. Yes, sir.²

Mr. McCORMACK. It was called to my attention when the Federal Property Act of 1949 was under consideration by this committee, the Assistant Secretary of the Army, Mr. Gray, in his testimony said, in connection with H. R. 2781:

I would like to turn first to the problem relating to the disposition of surplus property. The armed services must of necessity be looking forward and we think that the consideration of the many factors which must be made in connection with the disposition of surplus property is well vested in a single agency.

Of course, they had in mind then General Services Administration. The present policy is just the opposite, so far as the Department of Defense is concerned; is it not?

Mr. SUNDSTROM. Yes, sir; we have the authority to sell this property under law and regulation. It has been attested to that we generate a good deal of it.

Mr. McCORMACK. In other words, the policy of the Defense Department as presently constituted is different than the policy enunciated by the Assistant Secretary, Mr. Gray, in 1949?

Mr. SUNDSTROM. May I say something that might be helpful here? Up through the Korean war, the general concept of handling surplus disposals had been that it was a peak-and-valley business. After an emergency, after a war, we would have a large glob that had to be gotten rid of out of the military systems.

Since Korea, and with the improved technological developments that we have, particularly in the Air Force, and the Army and the Navy, we can expect a regular generation of obsolete, wornout materials.

² See communication to Mr. McCormack from T. P. Pike, Assistant Secretary of Defense for Supply and Logistics, dated February 23, 1955, which appears on pp. 292-294.

As a result, over a year ago, when we started developing our program we developed one that was long range. All of our programs are geared in that direction.

In the past, as I say, we have had this unfortunate business of looking at it as though it were not a long-range program. So that we feel now that we are the logical disposal agents for the property which we control.

We feel that we can demonstrate that we have gotten the kinds of merchandising know-how and have gone to private business for the best that we can secure, hand-in-hand with General Services Administration, in the case of the Industry Advisory Committee, and the industry committees in the Business and Defense Services Administration of the Department of Commerce, and together with this, we feel that we can do the disposal job.

We look for guidance and assistance to the General Services Administration, as I think I have pointed out before. And they do not just give their advice, but their concurrence on our plans and programs for the sale of surplus.

Mr. McCORMACK. You did not look for their guidance when the Defense Department promulgated the order of February 1954 to them; did you?

Mr. SUNDSTROM. That was not our directive. That was the directive put out by the Office of the Assistant Secretary of Defense Comptroller.

Mr. McCORMACK. Is he an official of the Department of Defense?

Mr. SUNDSTROM. I beg your pardon?

Mr. McCORMACK. Is he not an official of the Department of Defense?

Mr. SUNDSTROM. That is right.

Mr. McCORMACK. His orders have binding effect upon the whole Department?

Mr. SUNDSTROM. They have.

Mr. McCORMACK. So that it is the Department's order?

Mr. SUNDSTROM. We do not challenge that.

STATEMENT OF J. C. JENKINS, STAFF EXAMINER, DEPARTMENT OF DEFENSE

Mr. JENKINS. Mr. Chairman, if I may, that is a directive signed by the Secretary of Defense. While it is initiated in the Comptroller's office because of its content, it does have the coordination of the Secretary of Defense and the military department.

Mr. McCORMACK. Will you give your full name for the record?

Mr. JENKINS. J. C. Jenkins, staff examiner for the Department of Defense.

I helped work on the regulations.

Mr. McCORMACK. All right.

Mr. MOSS. This trade-in program that you have, those items are not made available for donation either, are they?

Mr. SUNDSTROM. No, sir.

Mr. MOSS. How do they determine which of the three classes you are going to have this material for sale in? You have the nonstock fund items which are subject to the donable surplus program.

Mr. SUNDSTROM. That is right.

Mr. MOSS. Then you have the stock fund items which are not.

Mr. SUNDSTROM. Unless they are in insignificant quantity or poor condition, in which case they may be donated.

Mr. MOSS. For our purposes, they are insignificant. We do not get too many of them?

Mr. SUNDSTROM. That is right.

Mr. MOSS. Then you have the exchange program.

How do you determine between the exchange and the nonstock fund items? How are you going to offer them—under what standard?

Mr. SUNDSTROM. How do we offer them for sale?

Mr. MOSS. How do you make the determination whether you are going to call it an exchange program or what?

Mr. SUNDSTROM. In the first place, this exchange sale property is not within the technical definition of Public Law 152 excess. Consequently, it does not become surplus property. This exchange sale property is just property for sale.

Mr. MOSS. But it must be excess or you would not sell it.

Mr. SUNDSTROM. It is not technically. Maybe the lawyer can tell you.

Mr. MOSS. How do you determine technically whether it is excess or exchange?

Mr. NASH. Mr. MOSS, I think the test is whether that particular piece of equipment that is going to be exchanged is excess to the needs of that particular activity. They have an old truck. They still need a truck. To get a new truck they exchange the old truck for the new truck, but the old truck is not excess to the needs of that activity. It still needs the truck.

Mr. MOSS. Then we would assume that the offering of this material in the exchange program is generated at a given activity. It is not surplus there, but you need a new one.

How did we get such a concentration of items at Davisville, R. I.?

Mr. NASH. I do not know from my own personal knowledge. It may be that Davisville was the selling point for that particular item. It may be that Davisville represented the various activities around that vicinity. For the purpose of the sale the equipment was located at Davisville. I do not know.

Mr. MOSS. Is there an internal screening to determine if there is a counterpart item in some other place that could be brought in for replacement?

Mr. NASH. I believe there is.

Mr. MOSS. There is quite a substantial offering of unused materials at the same time that you are offering these exchange materials. How does that come about?

Mr. NASH. Would you repeat that question?

Mr. MOSS. In looking over these other sales of surplus, we find you are offering items that are identical or appear to be identical with items offered for sale in the exchange program. One is surplus and one is exchange. Both are offered for sale. Some of your material here would indicate that much of the equipment is unused. It is offered in the surplus program. Yet, you are offering almost the same material for sale in the exchange program.

Mr. NASH. I am not familiar with this particular sale. It may be possible that the equipment that they are selling in the exchange sale is of a higher grade equipment that possibly would bring a better price.

Mr. Moss. That is a liberal interpretation of exchange when you just sell it; is it not? Ordinarily, exchange would be to trade it in and get another one.

Mr. JENKINS. Maybe I can throw a little bit of light on this. I do not know whether this offering is by lot or individual items, but if by individual items, we may have one item, a quantity of items, some of which would be exchange, some of which would be sale. We might exchange a given number of items equal to those for which we will need replacement, if it were used items, and other used items, we might sell, because we were not going to buy back an even number of it.

Mr. Moss. That would not be the case in an exchange program, because you would be buying back.

Mr. JENKINS. We should not be exchanging new items for new items. I would agree if we are doing that it would not seem right.

So this question as to why so much was at Davisville—if I recall, maybe the Navy and Marine people can correct me—that is a depot for what we call advanced base components in the Navy which includes a lot of construction material which must be shipped out on mobilization day to permit initiation of immediate construction of landing bases and docks, and so forth.

I suspect that is the reason why that was there. Is that right—is that not one of the reasons?

**STATEMENT OF COMDR. DOUGLAS H. LYNESS, DIRECTOR, STOCK
FINANCE DIVISION, BUREAU OF SUPPLIES AND ACCOUNTS,
NAVY DEPARTMENT**

Commander LYNESS. That is correct. That is an advance base depot at Davisville. A great number of Seabee items were there during the war and they stored a great quantity of that type of material. I have no direct knowledge of it, although I assume that is correct.

Mr. JENKINS. I think it is possible that in the Northeastern area of the country that some of that stuff which was excess to station needs, may have been brought back there for consolidation for sale. It could be some of both.

Commander LYNESS. That is possible. In itself, it is a great storage activity.

Mr. Moss. Much of this was new material that you were offering for sale?

Commander LYNESS. That could be.

Mr. JENKINS. In that case, if it is new material, it is excess to the requirements of the Navy.

Mr. Moss. How can it be in the exchange program, if it is excess?

Commander LYNESS. I cannot answer that.

Mr. JENKINS. There are several types of items in a lot.

Mr. Moss. We can conclude the criteria for segregating this for different sales is somewhat flexible?

Mr. JENKINS. Let me see if I can clarify it this way. I do not believe that generally the services would be selling a new item and then exchanging an old item for another new one. There may be instances where that could happen in an isolated area where it would be cheaper to exchange used items in that area for a new one rather than to pay the transportation costs from some place across the country to bring a new one that was on hand.

I can conceive that might happen.

Mr. Moss. And to receive 50 percent of the acquisition cost, is it not reasonable to assume that you could transport that item across the country for the difference in the price?

Mr. JENKINS. In some instances, yes.

Mr. Moss. Looking over these figures, it would seem that you have not received 50 percent of the acquisition cost in most instances.

Mr. KEOGH. I am not familiar with that particular operation. It is conceivable that it might be just obsolescence—acquiring more modern equipment. That has been the case. I do not know in this particular instance.

Mr. Moss. It is heavy construction equipment. Is there that much change in that?

Mr. KEOGH. No.

Mr. Moss. In a period of a comparatively few years?

Mr. KEOGH. I would not think so—not in heavy construction equipment.

Mr. Moss. I think it is rather puzzling. Most of it is new and it is offered in the exchange program either as surplus or obsolete. It is the type of material that does not become obsolete too readily. If it is surplus, why is it in the exchange program?

Mr. KEOGH. That, I cannot answer.

Mr. McCORMACK. Give your full name.

STATEMENT OF CHARLES GASQUE, ASSISTANT GENERAL COUNSEL, GENERAL SERVICES ADMINISTRATION

Mr. GASQUE. Section 201 (c) of the Federal Property Act which we are referring to as pointed out by the attorneys from the Department of Defense is primarily concerned with the exchanging of property under control of the Department of Defense which is not technically excess or surplus to their needs, but which they are permitted under the Property Act, under the regulations of the administrative General Services to exchange for a similar item, a new item which they need and apply the proceeds obtained from that exchange to the cost of the new item.

Now, under the regulations which have been issued by the Administrator of General Services, under 201 (c) of the Property Act, he has specifically said that the exchange regulations shall not be construed to authorize, and I quote:

The sale, transfer, or exchange of excess or surplus property in connection with the purchase or acquisition of personal property.

So in applying the 201 (c) authority, the property which is for sale or which is going to be disposed of by the exchange is not excess or surplus property as defined by the Property Act.

Does that clarify the situation to some extent?

Mr. Moss. I do not think it clarifies it at all, to be quite frank with you, because we have an example here where something is sold. Frankly, I can see no difference between the funded stock items and the exchange.

You sell surplus items from a funded stock plan in order to replenish the fund, is that not correct, and in this exchange program you are not actually exchanging a single thing. You are selling it for replenishment of cash to acquire anew; is that not correct?

Mr. GASQUE. I am not familiar with the ways, too much, of the Department of Defense.

Mr. MOSS. We know that there is no exchange; do we not?

Mr. GASQUE. We know the reason defined for the exchange under the Property Act.

Mr. MOSS. But there is actually no exchange taking place. You may call it that—or you may call it replenishment of the fund to acquire, in this instance, additional heavy construction equipment. If you capitalized the items and sold them to replenish the fund, you could buy more, could you not? You can do the same thing under the exchange program, but you are exchanging nothing.

Mr. JENKINS. We might have an exchange under the stock fund, however.

Mr. MOSS. I cannot see where you would.

Mr. JENKINS. An old typewriter—we might trade it in for a new one and only pay the net difference.

Mr. MOSS. You might actually trade the typewriter.

Mr. JENKINS. That is right.

Mr. MOSS. But you have not traded these cranes and the earth-moving equipment listed here.

Mr. JENKINS. I think that he brought out another point. While we might be exchanging an item some of which was sold as excess, the item so exchanged may have been exchanged for a similar but better or improved item.

Mr. MOSS. Under your criteria, it is not supposed to be sold for excess under the exchange program.

Mr. JENKINS. That item was traded in, it might not have been technically an excess, or it might have been traded in for a new or improved item. It would be put back into use.

Mr. MOSS. It would not come into that category, anyway. I am talking of the excess items offered for sale under the exchange program. In order to do that you have to have extremely flexible application of your regulations.

Mr. JENKINS. I am sure that can be flexible.

STATEMENT OF L. K. BARRY, CHAIRMAN, NATIONAL ASSOCIATION OF STATE AGENCIES FOR SURPLUS PROPERTY

Mr. BARRY. I think I might clarify that question. Maybe I have no business to do that.

Mr. MOSS. I would like to have clarification, if I could.

Mr. McCORMACK. I think that Mr. Ward might be able to clarify it. He understands it. Will you give us your reaction to this last question?

Mr. WARD. Mr. Chairman, for a number of years certain department appropriation acts had a provision for the exchange of certain types of equipment as was common in ordinary commercial practice. For instance, you trade in a typewriter when you buy a new typewriter, a truck when you buy a new truck, et cetera. That authority continued for a good many years, but it was for separate pieces of equipment.

As I recall, about 1943 the Comptroller General became aware that there were some exchanges made which were not in the best interests of the Government. He concluded that if a separate sale were made

of the old equipment that the return might be more to the Government than trading in the old on the purchase of the new. So he required that when an agency offered something for exchange, it was also offered for sale.

When the sale price was greater than the exchange price, the money was deposited to miscellaneous receipts. So the agency did not get the benefit to its appropriation of the value of the equipment.

So the Department of Agriculture, I believe, took the lead in getting legislation through which was incorporated in the old Independent Offices Act which also permitted the use of the receipts to apply against the purchase of the new, so that whichever deal proved to be the better, the receipts could still be used by the agency.

But a complication arose because the two deals might not synchronize. One might offer a truck for sale at the time of buying a new truck, but for some reason or another, the purchase might go through before the sale or vice versa. So it was necessary to take the receipts and put them into a special deposit account and cross-reference the two transactions in order that the General Accounting Office could audit the transaction.

Mr. McCORMACK. If they went into the miscellaneous account they could not be used again without being reappropriated—I mean prior to that.

Mr. WARD. Prior to that they could not be so used, that is correct, Mr. Chairman.

One thing should be kept in mind, that exchange equipment is theoretically not excess to the needs of the agency. They could keep it and continue to use it if it were not exchanged.

So, for that reason, it has never come within the definition of "excess" or "surplus." It is something that is needed if not traded.

That is the theory of the legislation.

Mr. JONAS. How could they hold that property bought in 1945 that had never used up until 1954 was not surplus?

Mr. WARD. I am not defending what has been done, because the law has been badly abused. I would like to develop the history of this, because I have been in it for some time.

In Public Law 600 the authority was broadened over what had been in the previous appropriations acts. But the legislation provided that you first start action on a purchase and if you have something that you can exchange within the law, you may exchange it—but it contemplated a purchase would be started first. So the law stated that "in purchasing" you may use the trade-in privilege.

When Public Law 152 was being drafted a problem arose, as I recall, with the librarian of the Department of Agriculture, who exchanged books with other libraries. The word "purchasing" did not fit. So the words "in acquiring" were inserted in section 201 (c). Since that time a number of agencies have taken advantage of this statute, in my opinion and are conducting huge sales of excess property. Technically, it is not excess to needs, because they say, "We still need it if we cannot get something better."

They take the receipts, put them in a special account, and then they buy other equipment of a similar character with the receipts.

Now, the law does contemplate that the transactions will be cross-referenced, but when an agency has several million dollars in receipts,

involving hundreds of pieces of equipment, it is a terrific accounting job to do that cross-referencing.

I think that is the story.

Mr. MOSS. I would like to ask a question at that point.

Mr. McCORMACK. I promised to recognize Mr. Jonas. Go ahead.

Mr. JONAS. I was curious to know why this property, which has a manufacturing date of 1944 which remained unused until 1954, had not been declared surplus long ago.

Mr. WARD. I believe, technically, the agency would say that they needed it and would use it, but they have here a device of selling it and getting the receipts to apply against the purchase of other equipment.

Under this sort of a transaction, property not being excess to the needs of the particular agency, is not available for transfer, even to a sister bureau within the Navy, or a sister service within the Army.

Mr. JONAS. Do you mean another bureau in the Navy could not have had that property made available to it?

Mr. WARD. Not on an excess basis. That is my understanding, but I would rather that the gentleman from the Department of Defense answer that question.

Mr. NASH. Could I interject something here?

Mr. MOSS. Mr. Jonas has the floor at the moment. It is his question that is being answered.

Mr. NASH. Excuse me. May I attempt to answer your question? These exchange sales are under regulations of the General Services Administration. In this regulation, which for the purposes of the record is Personal Property Management Regulation No. 6, dated the 7th of September 1951, in discussing the availability of the proceeds of sales, it says as follows:

Except as may be otherwise expressly authorized by the Comptroller General, proceeds of sale of items disposed of pursuant to this regulation shall not be available for application hereunder in whole or part payment for personal property acquired unless (a) such application is made during the fiscal year in which such proceeds are received and deposited or the next succeeding fiscal year, and (b) such property was or is thereafter acquired during the fiscal year in which such proceeds are received and deposited or during the next preceding or the next succeeding fiscal year.

So the proceeds are tied down. They can only be expended for the acquisition of new equipment either during that fiscal year or the next succeeding fiscal year.

Mr. JONAS. Do you mean we are speaking now of this sale in the State of Rhode Island?

Mr. NASH. No, sir. I am speaking generally about what we do with proceeds realized in a sale.

Mr. MOSS. Does anyone here know what happened to the proceeds, the \$2,300,000 received at the Davisville net sale?

Mr. NASH. No, sir; I do not.

Mr. McCORMACK. When you engage in this exchange activity the proceeds from it are still available to the Department, are they not?

Mr. NASH. Yes, sir.

Mr. McCORMACK. It does not go into the miscellaneous receipts, which means it goes back into the Treasury and is reappropriated again, does it?

Mr. NASH. That is right.

Mr. McCORMACK. You keep on adding to it and it is available to the Department without regard to the reappropriation?

Mr. NASH. Except that it is tied down, Mr. Chairman, to that fiscal year or the next succeeding year under the regulations of General Services Administration.

Mr. JENKINS. I would like to add a point of clarification in there if I may.

Mr. McCORMACK. Go ahead.

Mr. JENKINS. The proceeds may go to 1 of 3 places.

If it is exchanged property it goes into the special deposit account which Mr. Ward mentioned, and that can be used over again.

If it is stock-fund property the proceeds go into the stock-fund account.

If it is non-stock-fund property and not exchange property, then it goes into the miscellaneous receipts of the Treasury from which only the amount required for the preparation and sale of scrap, salvage, and so forth, can be used.

I think that is a correct statement. Is that right?

Mr. VICK. My name is Willard O. Vick. I am in the General Counsel's Office of the Department of Defense.

Yes, that is correct.

Mr. JENKINS. Of the part that goes into the miscellaneous receipts, we have a specific limitation on the amount that can be used for the demilitarization and the preparation of sales of scrap and salvage.

Above that limitation we cannot use it for replacement purposes.

Mr. MOSS. That is the 40 million?

Mr. JENKINS. In the 1955 appropriation.

Mr. MOSS. This special deposit account for exchange items, does that revert at the end of the ensuing fiscal year?

Mr. JENKINS. I am not familiar with that.

Mr. MOSS. You say it is available for the succeeding fiscal year.

Mr. NASH. Both.

Mr. MOSS. Then it does revert?

Mr. NASH. I imagine it does.

Mr. MOSS. But it would be very difficult to identify it, would it not? As long as you are acquiring new material it would be almost impossible to identify it, would it not?

Mr. NASH. I believe, as Mr. Ward stated, it is cross-referenced. In other words, to the need.

Mr. MOSS. On such a broad basis that for all practical purposes identity is lost, is it not?

Mr. NASH. I could not answer that.

Mr. MOSS. Except as to the totals you lose virtually any effective identity of the property.

Mr. NASH. I do not know, sir.

Mr. MOSS. I would like to ask Mr. Ward a question. This is another door that could be used to get around the donable surplus program, is it not?

Mr. BARRY. It is.

Mr. WARD. To the extent that property is useful and needed, that would be correct. For instance, with reference to this Davisville sale that we have been discussing, the school people from the District of Columbia and some of the States have gone through the listing. They estimate that one-half of the property is badly needed in the

school and health program. I believe that would answer your question.

Mr. Moss. Mr. Chairman, I feel it might be helpful to us, perhaps more within the purview of Mr. Gammon, for our particular purpose, if we had all of the facts in connection with this Davisville sale to see just how this is working, to see if it is a device for getting around the donable-surplus program.

Mr. McCORMACK. What facts do you want?

Mr. Moss. I would like to see where the money went, if it has been cross-referenced, and if there is any effective control over its use.

Mr. McCORMACK. We will ask the Defense Department to place that in the record at this point.

Mr. JONAS. I would like to know one thing, too. That is why they had so much of this equipment unused since 1945 and what justification they have for saying that they need additional and brand new equipment of the same sort.

Mr. KEOGH. We will attempt to get that information for you.

Mr. Moss. I would like to know how much money from this special deposit account has ever reverted as a result of not being used in the acquisition of new and comparable property which I would assume was the intent of Congress.

Mr. McCORMACK. The Department will furnish that information to the extent that it can. It will be incorporated in the record at this point.

Mr. KEOGH. We will do that.

(The information is as follows:)

ASSISTANT SECRETARY OF DEFENSE,
Washington 25, D. C., February 23, 1955.

Hon. JOHN W. McCORMACK,

Chairman, Special Subcommittee on Donable Surplus Property, Committee on Government Operations, House of Representatives.

DEAR MR. McCORMACK: During testimony on H. R. 3322 on February 21, 1955, members of the Subcommittee on Donable Surplus Property requested that the Department of Defense furnish the data contained in this letter and its inclosure.

The information requested concerning the Navy auction sale at Davisville, R. I., December 2, and 3, 1954, is contained in enclosure 1.

In addition, supplementary information about the Army auction sale at Sharpe General Depot, Lathrop, Calif., October 25-27, 1954, was obtained informally from the Army and is as follows:

Acquisition cost of property sold.....	\$25, 013, 654. 53
Gross proceeds.....	1, 767, 603. 08
Percentage: Gross proceeds of acquisition cost.....	7. 04
Percentage: Net proceeds of acquisition cost.....	6. 96

Calculated costs of the sale included such direct costs as auctioneer's services, advertising, transportation, and personnel salaries.

The Sharpe Depot auction was a consolidated sale, with surplus property located at four Army installations. The property at Sharpe was general as to type and included large quantities of wornout and unserviceable clothing and obsolete spare parts.

Property at the Sacramento Signal Depot was principally electronic equipment and parts. Benecia Arcenal property was largely automotive spare parts and vehicles. The Oakland Army Base had miscellaneous items for sale, including over a million pounds of used, unserviceable aircraft tires and tubes.

The upset prices on sales items were set by the property disposal officers of the respective bases, with the assistance of their staff members. Such prices were

established based on the previous prices received from sales of similar type property in similar condition and on known market prices and conditions.

There were no withdrawals of lots in this auction due to upset prices.

If we can be of further assistance on this matter, I trust you will let me know.

Sincerely yours,

T. P. PIKE.

[Enclosure No. 1]

DEPARTMENT OF THE NAVY,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington, D. C., February 22, 1955.

In reply refer to SD.X (23), LS/NC7.

Memorandum for Mr. John W. Sundstrom, Disposal Division, Office of Assistant Secretary of Defense (Supply and Logistics).

Subject: Information concerning the Navy auction sale at Davisville, R. I., December 2-3, 1954.

Reference: (a) Fonecon Mr. Sundstrom and Mr. Spokowski of February 21, 1955.

1. Reference (a) requested information relative to subject sale for transmittal to the subcommittee of the Committee on Government Operations.

2. The following information is considered to be pertinent:

(a) The material disposed of through the sale was for replacement purposes and none of the items were of any other category of property. It was neither excess nor surplus, but was considered obsolete in accordance with the following criteria:

(1) The entire end items were obsolete and were no longer adequate to meet current requirements of current construction projects of the Navy.

(2) Component parts, i. e., engines, turntables, compressors, generators, were obsolete and their supporting parts out of commercial production.

(3) Equipment or parts were worn out or deteriorated which rendered them unreliable for overseas requirements or rigorous combat operation usage and support.

(4) Equipment no longer economical to repair and to maintain in mobilization reserve stock. Equipment developed increasing number of breakdowns during periodic tests and exercises.

(b) The justification behind this sale is considered twofold. First, the equipment was obsolete for use within the advanced base mobilization system. Either the equipment itself had become obsolete or the requirement within the program had so changed as to make it obsolescent. For example, the P. & H. Model 150, 1/2-cubic-yard cranes, which were items Nos. 30-59 on the auction catalog, were obsolete from the standpoint that requirements no longer exist for this small capacity. Therefore, these cranes were to be sold and the money used to buy the size which is required. Secondly, in spite of the program of testing and cycling, deterioration due merely to age had set in on many of the items to a point where they were no longer economical to maintain in dead storage. Thus, it was decided to dispose of the equipment by sale and use the money to buy new equipment which would meet present-day requirements.

(c) All items disposed of and the replacement items proposed for acquisition using the proceeds derived from the sale are required to implement the approved mobilization program in which a large deficiency currently exists. Requirements for all items to be procured with the proceeds from the sale were known well in advance of the actual sale. Procurement is currently being accomplished on exact type items that were disposed of in the auction sale.

(d) In general, all items sold were considered war-ending stock, that is, equipment manufactured during or prior to 1946. Approximately 60 percent of the equipment had field use in the Pacific during and shortly after World War II and had been returned and rehabilitated for the mobilization reserve stock. Approximately 40 percent of the items had never been actually utilized on construction projects. However, all items had a certain amount of usage which occurred during periodic exercising and testing while in storage. The equipment disposed of had been exercised at 30 to 60 intervals, dependent on location, with full load test at every third exercise cycle. The Navy had attempted to modernize this mobilization reserve stock to the greatest extent possible through rotation program with issues being made to meet current requirements.

(e) No equipment was brought in from outlying areas for this sale. The sale consisted entirely of equipment located and stored at the Advanced Base Construction Battalion Center. This material was stored at NCBC Davisville

to meet the mobilization requirements of the basic naval establishment plan for the construction of North Atlantic and Mediterranean area. It includes, also, support equipment for fleet marine, Atlantic.

(f) Upset prices were used for all items offered for sale. They were established from previous prices received for similar equipment sold by the sealed-bid method, recognizing condition factors, past experience, and knowledge of market prices. The auctioneer assisted to a great extent in establishing upset prices used based on current market conditions. Upset prices were known only to the auctioneer and the disposal officer. They were written on two copies of the catalog. One was in possession of the disposal officer and the other in possession of the auctioneer during the entire sale. Neither the local commands nor higher authority had anything to do with establishing upset prices.

(g) The equipment disposed of in this sale had a replacement cost of \$5,318,000 on which a return of \$2,138,000 was realized. The actual acquisition cost of the material was \$3,290,000. Proceeds from the sale total 65 percent of acquisition cost, or 40 percent of replacement cost. All receipts from sale were deposited to miscellaneous receipts, Treasury, Account 17X6845.62, proceeds of sale of personal property, Navy.

(h) Replacement sales made under section 201 (c), Public Law 152, 81st Congress, and final disposition of proceeds therefrom are shown below, for the last 2 fiscal years:

	Total proceeds	Apportioned	Unapportioned balance ¹
Fiscal year—			
1954-----	4, 109, 091	{ 1, 425, 068 2 2, 662, 114 }	11, 909
1955-----	6, 110, 480	5, 846, 000	264, 480

¹ The unapportioned balance reverts to miscellaneous receipts, Treasury, if not used in the required period.

² Pending approval.

3. Additional factors which might be of interest are as follows:

(a) Numerous State and local government representatives, including voluntary fire departments, attended the sale. Representatives from the city of Newport, R. I., and Cambridge, Mass., were successful in purchasing material. In the case of the representative from Cambridge, Mass., the supply officer at NCBC Davisville placed a call at the expense of the Navy to the mayor of Cambridge for the purpose of determining whether the individuals were bona fide representatives from the city of Cambridge. One of the Cambridge representatives had only a driver's license to support his claim as being the city manager. In every instance the Navy waived deposit requirements for purchases made by State and local government officials. This was done to accommodate these officials who obtain their money by a complicated procedure.

(b) The entire direct cost of the auction held by NCBC Davisville was \$62,000. This amount included the auctioneer's fee of \$10,690, and advertising of \$6,000.

(c) Five thousand people attended the auction sale of which 2,575 were registered bidders. Of these, 249 were actually successful in buying one or more lots.

(d) The bidders for this sale represented 36 States and 3 foreign countries.

(e) The NCBC had extensive free advertising in addition to the paid advertising. Local radio and TV stations had news coverage on this auction, since it represented an item of interest for the New England area. A typical example is the tremendous interest indicated by the commentary made by Mr. John Cameron Swayze on his TV program. It is believed that the WBZ-TV program which was John Cameron Swayze's was televised nationally.

R. J. ARNOLD

H. G. SPOKOWSKI

(By direction).

Mr. KEOGH. We will do that.

Mr. McCORMACK. In other words, Mr. Ward, this device could be used as a means of circumventing the deposit of receipts into the miscellaneous account, and then being subject to congressional action again; is that what you mean?

Mr. WARD. That is right.

Mr. McCORMACK. If they had a piece of real estate in Boston, for instance, the Post Office Department, to pick it out of the air—I will not say that they have—and they were going to build a parcel post office building there, and then later they changed their minds as to where would be a more desirable site and some people were willing to purchase the first site for business purposes, parking, for example, there is a demand in a big city for parking space—and they would prefer to exchange it for some other piece of land, because if they sold it then it would go into the miscellaneous receipts and they would lose the benefit of it. That could be an illustration.

Mr. WARD. I believe that applies to personal property, but your thesis is correct. The way it is being utilized the donable provision is really being obviated. The donable program is being obviated, as well as the utilization program within the rest of the Federal Government which General Services Administration handles.

Mr. McCORMACK. Are there any further questions? I do not think that we want to extend this too far. We have things that are more pertinent to the matter before us. Are there any further questions, Mr. Jonas?

Mr. JONAS. No.

Mr. McCORMACK. Mr. Moss?

Mr. MOSS. No.

Mr. SUNDSTROM. It might help to clarify a point that is bothering Mr. Jonas very much. Normally, the only unused property sold under exchange sale would be due to obsolescence.

With respect to the property not being used since 1945, the logical explanation is that it is mobilization reserve equipment which eventually becomes obsolete and therefore they were able to sell it under the exchange-sale provision. That is the only possible explanation I could think of.

Mr. McCORMACK. Under the exchange of property then the other agencies do not have a chance if they need it to take advantage of it and get the use of it; do they?

Mr. SUNDSTROM. We agree.

Mr. McCORMACK. Suppose the Army is selling something even the Navy, within the Department of Defense, does not have an opportunity for it. Say that there is a crane that the Army owns and under this exchange procedure they are selling it, and suppose the Navy needs it. The Navy does not get a chance to say, "We need that"; does it?

Mr. SUNDSTROM. That is right, generally.

Mr. McCORMACK. Do you think that is for the best interests of the taxpayer?

Mr. SUNDSTROM. We do not, but we did not make the law, sir. The regulations are based on the law. As a matter of fact, as I recall as indicated the other day, they had this under study—we are working with them on it—and we are just as interested in it as they are in tightening it up and trying to improve it to the extent that we can.

Mr. McCORMACK. To tighten the regulations under 201 (c)?

Mr. SUNDSTROM. To the extent that we can, but it is technically not excess, as has been explained time and time again. We have got it for sale. We do not determine whether or not it is to be exchange sale property. We are just selling agents. We have got it. Somebody gives it to us and says "Sell it."

Mr. McCORMACK. It is rather strange that the Army has something excess, and under the exchange provision, exercising that, that the Navy or the Air Corps could not get it.

Mr. SUNDSTROM. It is not excess and we cannot do anything about it.

Mr. McCORMACK. And you do not need it. You are going to sell it.

Mr. SUNDSTROM. It is not unneeded property.

Mr. McCORMACK. You are going to sell it.

Mr. SUNDSTROM. We are told to sell it; yes.

Mr. McCORMACK. Of course, when you sell a lot of this stuff, the purpose of exchanging it would seem to me is the exchanging of specific items, such as a crane or an automobile or 100 automobiles for hundreds that you are going to purchase back. I can see that that is a specific item, a specific deal.

The purpose was not to sell and get it back into some fund and buy something that, not having in mind what you were just going to buy. That never was intended.

Mr. SUNDSTROM. I do not know what was intended in the law.

Mr. NASH. These sales of equipment, the proceeds realized therefrom, must be applied to similar type property. In other words, if we sell tractors, a particular kind of tractor, we can only use the proceeds therefrom to buy a new tractor.

Mr. McCORMACK. At the time you sell it, is it not fair to assume that intent should exist that the Department was going to buy additional tractors?

Mr. NASH. Yes, sir.

Mr. McCORMACK. Is that so?

Mr. NASH. I believe it is.

Mr. SUNDSTROM. When they identify it as in the exchange sale, rather than surplus, the implication is that it is needed property and that they are buying similar type of property on a trade-in basis.

Mr. Moss. In connection with that, and the material that you are going to supply us on the Davisville sale, I would be interested in whether you did determine there that it was obsolete property because of the nature of the items offered for sale. I would question obsolescence as a proper ground in offering it for sale.

Mr. McCORMACK. I notice that a representative of the General Services Administration has been trying to get the attention of the chairman. Will you give us your name for the record?

STATEMENT OF LOUIS TUTTLE, GENERAL SERVICES ADMINISTRATION

Mr. TUTTLE. On this matter of the obligation of the executive agencies to the fine utilization within their agencies prior to selling property under 201 (c), I would like permission to read two sentences from the current General Services Administration regulation.

Mr. McCORMACK. By "current" when were they promulgated?

Mr. TUTTLE. The 7th of September 1951 regulation previously referred to.

Mr. McCORMACK. All right.

Mr. TUTTLE. Section 5 thereof reads:

In acquiring personal property each executive agency shall as far as practicable foster and assure maximum utilization within the Government of personal property it determines to be available for exchange or sale pursuant to the provisions of this regulation. Executive agencies may exchange similar items with or transfer similar items to other activities within that agency and to other Federal agencies.

Mr. McCORMACK. That is without time limit, is it not—those regulations are without time limit?

Mr. TUTTLE. These are current today. Is that what you mean?

Mr. McCORMACK. In other words, there is no fiscal year, or the succeeding fiscal year involved there?

Mr. TUTTLE. No; this is an obligation which arises at the moment a determination is made by any executive agency that they would like to sell an item under the provisions of 201 (c). And this calls for an attempt first to find further use for the item somewhere else in the Government.

Mr. McCORMACK. Has that been followed?

Mr. TUTTLE. Has it been followed?

Mr. McCORMACK. Yes.

Mr. TUTTLE. It is followed by most executive agencies, by the internal operating procedures which we have reviewed.

It was attempted by the Department of Defense on a full-scale basis to our knowledge a year to 18 months ago. As I understand it, it is still carried out in the Department of Defense on 1 or 2 categories of property. I think it is machine tools where it is presently in operation.

Mr. MOSS. But not in general operation?

Mr. TUTTLE. But not generally in operation. That is the way we understand it.

Mr. McCORMACK. Is the General Services Administration considering now the tightening of the regulations under 201 (c)?

Mr. TUTTLE. Yes, sir. We have had a number of meetings with executive agencies, including the Department of Defense. We are not satisfied with the operations under this current regulation.

We had a codified draft ready for issuance which will tighten considerably some of the practices under section 201 (c) of the Federal Property Act.

Mr. McCORMACK. Are there any further questions? There is just one amendment that I would like to call to your attention, Mr. Keogh, that will be considered by the subcommittee. Will you read that, Mr. Ward?

Mr. WARD. Strike out section 2 (p. 2, lines 8 through 12) and insert in lieu thereof the following:

SEC. 2. (a) Paragraph (2) of subsection (k) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following:

"For the purposes of this paragraph, the term 'property' does not include any single item of personal property donated under subsection (j) of this section which has a fair value at the time of donation of less than \$5,000."

(b) The amendment made by this section shall be effective only with respect to property transferred after the date of enactment of this Act.

I might state that the purpose there, Mr. Keogh, is to insure compliance on major items of personal property.

Mr. KEOGH. I understand.

Mr. WARD. The Department of Health, Education, and Welfare and I believe the General Accounting Office suggested something

along this line. It may or may not be of particular pertinence to you folks. It reads as follows:

Strike out section 5 (p. 3, lines 10 through 17) and insert in lieu thereof the following:

SEC. 5. No restrictions or conditions on the utilization of surplus personal property donated or sold at a discount for educational purposes or public health purposes, including research, prior to the enactment of this Act, under any Act which deals with the disposal of surplus property, except the Federal Property and Administrative Services Act of 1949, shall remain in effect after one year after the enactment of this Act. In the case of any item of surplus personal property donated under section 203 (j) of the Federal Property and Administrative Services Act of 1949 prior to the enactment of this Act which has a fair value of less than \$5,000 at the time of donation, no restriction or condition on the utilization of such item of personal property shall remain in effect after one year after the enactment of this Act.

That was to try to bring all of the previous statutes up to date as far as the compliance requirements are concerned.

Mr. KEOGH. I understand that.

Mr. McCORMACK. Are there any views that the Department wants to express at this time?

Mr. NASH. I think that we would defer to the other agencies on that.

Mr. McCORMACK. These are suggested amendments as I say.

If there are no further questions, we want to thank you, Mr. Keogh, and you, Mr. Jenkins, and all of you other gentlemen for appearing before this committee today.

Mr. JENKINS. There was an earlier question with respect to the impact of the extension of stock funds to stations. If the question were asked again, I might be able to give some general information on it.

Mr. McCORMACK. Do you know what the question is? The Chair will recognize you.

Mr. JENKINS. The question revolved around further extension of the stock fund. It is contemplated by the Department of the Army to go to their overseas depots next July and to the larger stations. Does that answer the question? As to the impact on it, the property that is at the station and will be brought under the stock fund, of course, under the present regulations would be subject to disposal of by sale. That is, so long as those regulations remain in effect.

However, in the proposed regulations that we are going to issue we have a provision in there that if something has been sold from the stock fund and was in use at the station but later became excess to the station, it would not be brought back into the stock fund unless it was needed by the Department of the Army as a whole. In other words, if it was excess it would be disposed of as non-stock-fund property. This should lessen the impact of extension to the stock fund to stations insofar as donations are concerned.

Mr. MOSS. The general effect would be a further withdrawal of items from the donable surplus program?

Mr. JENKINS. Yes; to some extent that will happen.

Mr. MOSS. We had information, I think, earlier in the hearing that answered my question. I merely wanted to verify it.

Mr. JENKINS. If I might, I would like to clarify these different percentages of returns that we have been presented.

We have talked about generally 5 or 6 or 7 percent return on all types of property, which includes scrap, salvage, and property that has little or no value other than its content value.

That is true of some of the data that the task force picked up at Schenectady, N. Y., and Atlanta, Ga., and Norfolk, Va. Those are the summary figures on the table you have.

In addition, the task force attempted to pick out a limited number of items within the time that they had that represented the kind of items which Health, Education, and Welfare customers were interested in.

Most of those items, samples of which were brought back, those were relatively new items. I think all but two out of the whole group were new. Those showed a return of roughly 40 percent. I believe that you have a document which gives that information.

Mr. McCORMACK. Forty percent of what?

Mr. JENKINS. Of the acquisition cost—40 percent of that.

Mr. McCORMACK. All right.

Mr. JENKINS. I believe there is a document which Howard Gammon has that shows that data.

The middle of last week I had a brochure from the Columbus General Depot showing an auction of 2,000 items and, without knowing what the acquisition cost or the proceeds were, I picked out 65 of the stock fund lots that seemed to me to represent the kind of material that Health, Education, and Welfare was interested in.

I phoned and gave them the lot numbers and asked them to give me the acquisition cost and the proceeds by lots of those items. That was the document which we asked to be put into the record. That document showed 23.7 percent return which we think is probably the most representative one of the kind of items considering all conditions that would represent a fair return of what we may get.

I just wanted to clarify those three percentages. Also, I will try to give you some data on the cost of the dispositions.

We have some problems in connection with that, because it is difficult to differentiate between the cost of what we call "demilitarization" of items and preparing it for sale as scrap and salvage and those costs which are only for the preparation of sale at an auction or under sealed bids. However, I have got some totals here which may be helpful to the committee.

The Army obligated last year for both purposes put together \$14.7 million for the disposition of all excess surplus scrap and salvage, including the demilitarization of military types of items. That represented the cost of all of those activities for the disposition of \$757 million of property at acquisition cost or, roughly, about 2 percent.

In going to the depots where we have actually held the sale, and where demilitarization was not a pertinent element of cost for such items as general supplies, the housekeeping type of items, the consensus of opinion that I have been able to get was that the cost of preparation of sale, and the sale runs approximately 1 percent.

If that is of any help to you I offer it for what it is worth.

Mr. McCORMACK. Would that include the salaries paid to the military and the civilian personnel?

Mr. JENKINS. That includes civilian salaries, cost of movement, if there is transportation cost involved and other costs involved in disposition of property.

Mr. McCORMACK. And the auctioneers?

Mr. JENKINS. And the auctioneers' fees, yes, sir.

It also includes the cost of the baling in connection with scrap and salvage.

Mr. McCORMACK. That is scrap and salvage?

Mr. JENKINS. That is all scrap and salvage, everything, excess, surplus.

Mr. McCORMACK. One percent?

Mr. JENKINS. We think that the cost of actually selling it is about 1 percent. The overall cost of demilitarization, baling scrap and salvage and the cost of selling surplus is the total of 2 percent, but for the kind of items we are talking about here where you do not have any particular preparation for sale and you do not have to demilitarize them in the case of scrap and salvage.

It is just a movement from one location to the point where they are going to hold the sale and putting them into lots, issuing the brochures and keeping the clerical work straight in respect thereto. We think that runs about 1 percent.

Mr. McCORMACK. Is that on the acquisition cost?

Mr. JENKINS. That is on the acquisition cost.

Mr. McCORMACK. All right, now suppose you take what I read a moment ago, the one billion one hundred and forty odd million dollars that was sold on the acquisition cost basis and there was received back from the proceeds of the sale, \$67,162,000. That is not 1 or 2 percent of the proceeds.

Mr. JENKINS. No, 1 percent of the acquisition cost.

Mr. McCORMACK. So that 1 percent of the acquisition cost would be?

Mr. JENKINS. About \$10 or \$11 million.

Mr. McCORMACK. So in relation to the gross proceeds it would be a much bigger percentage?

Mr. JENKINS. That is correct.

Mr. McCORMACK. That is a matter of primary interest, you will agree?

Mr. JENKINS. Yes, sir.

Mr. McCORMACK. One percent of acquisition cost or 2 percent of acquisition cost is entirely different than what that cost would be as to the gross proceeds.

Mr. JENKINS. The only reason I related it to acquisition cost is that I did not have the proceeds readily available.

Mr. McCORMACK. What would the cost be in relation to the gross proceeds? That is what I think I would like to have.

Mr. JENKINS. I do not have the data on that.

Mr. McCORMACK. Your average gross proceeds there is 6 percent—that would run 33 $\frac{1}{3}$ percent.

Mr. JENKINS. On the overall. If the gross proceeds were 25 percent, and the cost of sale was 2 percent of acquisition cost, the cost of sale would be 8 percent of the proceeds. If the cost of sale were 1 percent of acquisition cost, the cost of sale would be 4 percent of proceeds.

Mr. McCORMACK. That is quite a difference.

On the point of military personnel I might add, so far as I know in the case of the Army depots I have visited, there is very little military personnel in the depots in this country that are engaged in property disposal. Mostly that would be the property disposal officer

or the supervisory officer. Most of the rest of personnel engaged in disposal activities are civilians.

Overseas I do not believe that would be a fair statement to make. I think most of the personnel would be military.

Mr. McCORMACK. Mr. Jenkins, do you think that in connection with the amount received from the property that has been sold that the military gets as large a return as if it were carried on by qualified and trained civilians? I ask that question with no criticism. I just want to get your frank reaction to it.

Mr. JENKINS. In the visits that I have made to the Army depots where I have talked to the property disposal officers, most of whom are civilians and report to the military, I have had no occasion to believe that their recommendations have been overruled, Mr. Chairman.

I do not believe that the military would attempt to influence the sale of property in such a way that it would bring less than what the civilians could obtain.

Mr. McCORMACK. If the military conducts it, they control the whole situation?

Mr. JENKINS. They supervise it, yes, sir; because for example—let me see if I can give you an example—at Columbus the property disposal officer himself is a civilian but he reports to a military man. And he in turn for property disposal activities is subject to control and supervision of the Army commander.

I have had no indication whatsoever that there was any attempt on the part of anybody, either at the station level or above, that would attempt to change his recommendations that would result in anything other than the best returns.

On the other hand, I think this is an activity that is sufficiently complex that the military would not be inclined to argue with the property disposal officer who seemed to know his business.

Mr. McCORMACK. Are these Defense Department employees?

Mr. JENKINS. They are Defense Department employees.

Mr. McCORMACK. If they were the employees of some other department, I could see it.

Mr. JENKINS. They are departmental employees. For example, in an Army depot, the disposal people are Army people.

Mr. McCORMACK. Those of us who have been in Congress for a while, we have had our own experiences.

Mr. JENKINS. These property-disposal officers, the ones that I have come in contact with, Mr. Chairman, have given me the impression that they are trying to do a very good job.

They go to a lot of trouble to build these lots up in a manner they think will bring the best returns, considering the conditions in their own locality.

Mr. WARD. I want to clarify one point. I was talking to your General Counsel this morning, Mr. Jenkins. The sole point that seems to have disturbed him was the authority to write off the capitalization that is involved in the donation. We had taken that matter up with the representatives of the General Accounting Office who said that beyond any doubt the authority to donate as it would be in Public Law H. R. 3322 would be the authority to write off. So there is no question in the minds of the General Accounting Office as to that point.

I wish that you would convey that to Mr. McNeil. We will get together then on this language—we can set a time for some time this afternoon—with the folks from Health, Education, and Welfare, who did not have an opportunity to see some of the later drafts.

Mr. McCORMACK. That is the suggested draft?

Mr. WARD. Yes.

Mr. McCORMACK. Are there any further questions by any members of the committee? We thank you very much, Mr. Keogh, and your associates and staff.

Is there anything further that you want to say, Mr. Thomas, or anybody from the General Services Administration?

Mr. THOMAS. I do not have anything that I would like to add. I do not know of anything. If the committee has any other question I would be glad to answer them.

Mr. McCORMACK. I could ask you the question I asked Mr. Jenkins but I will not. We will get that later.

Mr. THOMAS. I think I answered that question earlier.

Mr. McCORMACK. You did in your original testimony.

If there is nothing further, the Chair will declare the hearings closed and thank each and every one of you and all witnesses who participated.

The Chair hopes that the subcommittee will have early action on this matter one way or another and suggests to Mr. Ward that he discuss these suggested amendments with the various agencies and departments so that the subcommittee might meet on Wednesday morning next. Is that agreeable to you?

Mr. JONAS. Yes.

Mr. MOSS. Yes.

Mr. McCORMACK. That will be Wednesday at 10.

We will now stand adjourned.

(Whereupon, at 12 30 p. m., the subcommittee adjourned.)

APPENDIX I

The following statements of Members of Congress and the Resident Commissioner of Puerto Rico, in support of H. R. 3322, were ordered by the subcommittee to be inserted in the record of these hearings at this point:

STATEMENT OF HON. CARL ALBERT, A REPRESENTATIVE IN CONGRESS, FROM THE STATE OF OKLAHOMA

Mr. Chairman, I want to congratulate the gentleman from Massachusetts, Mr. McCormack, for introducing H. R. 3322 and for pressing for prompt action on it. I also would like to compliment the Senator from Arkansas, Mr. McClellan, and the other Senators, both Democrats and Republicans, who have joined him in the Senate in sponsoring a companion bill to that introduced by Mr. McCormack.

I don't need to tell you how important it is that Congress deal with this problem expeditiously. As you know, this legislation is made necessary by the action of the Defense Department, circumventing the clear intent of Congress providing for the disposal of billions of dollars worth of supplies which the Federal Government does not need.

It seems to me Congress made it quite clear in 1949 and 1950 that surplus property, both real and personal, no longer needed by the Government, should be donated to educational and health institutions. For a time this program seemed to be working very well. All sorts of surplus items—typewriters, tables, chairs, radios, motors, trucks, musical instruments, refrigerators, clothing—were finding a useful place in schools and hospitals all over the country.

But on February 1, 1954, the comptroller of the Defense Department issued a regulation which negated an act of Congress and put the brakes on this very

worthwhile program. Under the regulation the surplus property so badly needed by educational and health institutions was pulled back and held for sale at public auctions.

The figures show that the Government has realized very little money from the sale of this merchandise, the return being only 6 or 7 cents on each dollar invested. Schools and health institutions which could have made good use of this property have been forced to forego it because in most cases they were unable to bid on it at public auctions.

I am informed that as much as \$3 billion worth of surplus property may be available this year. While schools and health institutions couldn't possibly use much of this material, they certainly could use larger quantities than they are able to obtain under the present program.

This is one of the most flagrant examples I have seen of Government bureaucracy subverting the intent of Congress. I don't know whether or not the Defense Department put this regulation into effect in an effort to make a good financial showing. I do know that this property belongs to the taxpayers, and it certainly should be returned to them in the manner in which it will do the most good. As it has worked out, the Government has realized very little cash from sales, and our badly overcrowded educational and health institutions have been deprived of useful property they so desperately need.

It seems rather ridiculous to me that it should be necessary for Congress to restate the position it so obviously took 4 or 5 years ago in directing that usable surplus property be turned over to educational and health institutions. But since the Defense Department has allocated to itself the authority to overrule Congress, I urge this committee to approve this legislation and make it clear once and for all that we want this surplus property used for the benefit of American schools and health institutions.

STATEMENT OF HON. EDWARD P. BOLAND, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MASSACHUSETTS

Mr. Chairman and members of the committee, I appreciate the opportunity of presenting my views on the proposal presently under consideration by this committee.

The surplus property utilization program has been of inestimable value to Massachusetts educational and health institutions. A total of \$40 million (acquisition value) worth of real and personal property has been donated or acquired by public-benefit discount since 1946 for more than 500 schools and colleges, and more than 100 hospitals in the State.

For the past year the surplus property donation program has been losing huge quantities of very valuable surplus property due to the activities of Federal agencies and departments selling their surplus to salvage dealers rather than making it available for distribution to eligible schools and hospitals.

These salvage dealers, in turn, have offered to sell the property acquired to schools and hospitals at huge profits. I believe that Federal property once procured by taxpayers should be used when needed by education and health institutions for the benefit of the taxpayers.

Changes in the basic act outlined by H. R. 3322 would assure education and health institutions of a justified prior claim on beneficial surplus property.

Therefore, Mr. Chairman, I strongly urge that this committee report favorably on this bill to Congress so that we may have a better and more effective utilization of surplus Government property for educational and public-health purposes for the years to come.

I am attaching letters from educational and health institutions in Massachusetts favoring this proposal and request that the same be included in the record of the hearings.

NICHOLS JUNIOR COLLEGE,
Dudley, Mass., February 16, 1955.

HON. EDWARD P. BOLAND,

House of Representatives, Washington, D. C.

DEAR SIR: It is the desire of this institution to bring to your attention an interest and request for favorable action on certain bills now being proposed for legislative action.

Specifically we are referring to H. R. 3322 introduced by Congressman John W. McCormack, of Massachusetts, and S. 1004 introduced by Senator John McCel-

lan, of Arkansas. These bills relate to the disposal of Federal surplus property requiring that such property be first available to eligible schools and hospitals before being made available to salvage dealers.

This institution has been aided very materially by being eligible to acquire such surplus property. Many items the college has purchased could not have been bought on the open market. The administration of the surplus property under the department of education, and specifically its supervisor, Robert F. Nolan, has been very fair and efficiently performed.

It is our opinion that all the institutions who have been interested in this material have received very real assistance and would unhesitatingly indicate their appreciation.

It is requested that you register your interest and endorsement of both these bills with the proper committees of the House and Senate.

With kindest personal wishes and appreciation of your efforts in our behalf,
Very sincerely yours,

JAMES L. CONRAD, *President.*

AMHERST COLLEGE,
Amherst, Mass., February 14, 1955.

HON. EDWARD P. BOLAND,
House of Representatives, Washington, D. C.

DEAR MR. BOLAND: The surplus property donation programs for schools and colleges which have been in effect in one form or another since approximately the end of the war, have been very valuable to Amherst College. These programs have provided Amherst College with items in the fields of laboratory equipment, automotive equipment, machinery, business machinery, and general supplies, providing the college with useful material which would be beyond the budget of the college.

The thinning out of the program in the last year or two as carried on through the State department of education has been notable, and we feel that the amount received by the Government from the general sale of this material in the open market is trivial compared to the benefits conferred by its donation to schools, colleges, and hospitals.

We will welcome your support of H. R. 3322 and will be glad to have you record our endorsement of this bill with the proper committees or on any occasion that may seem propitious.

Yours very truly,

HERBERT G. JOHNSON, *Comptroller.*

SPRINGFIELD COLLEGE,
Springfield 9, Mass., February 23, 1955.

HON. EDWARD P. BOLAND,
House of Representatives, Washington, D. C.

MY DEAR MR. BOLAND: I note that Congressman McCormack has introduced H. R. 3322 which would amend existing Federal law to require donation of property to schools and hospitals prior to disposal by any other means. I would like to encourage your support of this bill.

Springfield College has benefited from the war surplus property donation program and is grateful for the help that this has given us. We have obtained some useful equipment. Mr. Robert Nolan, surplus administrator in Boston, has always been most helpful.

Educational institutions are faced with very acute operating problems these days and preference to such institutions over commercial applicants in the disposition of Government surplus property serves a very important public purpose.

We shall follow the progress of this legislation with great interest and will be deeply appreciative of your efforts in behalf of so worthy a cause.

Sincerely yours,

DONALD C. STONE, *President.*

ST. ELIZABETH'S HOSPITAL.
Brighton, Mass., February 8, 1955.

HON. EDWARD P. BOLAND,
*United States House of Representatives,
House Office Building, Washington, D. C.*

DEAR CONGRESSMAN BOLAND: During the past 5 years, St. Elizabeth's Hospital has had the opportunity of benefiting substantially through the donation program of Government surplus properties. Not everything given was in working order, but was made so with minimum expense by the hospital maintenance men.

These contributions added materially to the educational programs at the hospital, both in replacing wornout dormitory furniture, and improving the teaching aids, such as projectors, screens, and various laboratory equipment. Additional anesthesia machines improved the learning opportunities for the residents in anesthesia. So, too, did a contributed resuscitator, which at the same time increased the efficiency of our emergency department. Surplus X-ray items added inestimably to the services available for both patients and the education of resident doctors. Miscellaneous surgical instruments and pharmaceuticals have been of value in the clinics.

The return to the Government lends itself to some tangible measurement. Currently more than six graduates of the school of nursing are in Government service all over the world. Thirty of our doctors have gone into military service in the past 5 years.

Locally, the hospital serves a wide section of Boston, which includes a highly industrialized area as well as a thickly populated one. Costs at St. Elizabeth's are the lowest prevailing in metropolitan Boston and this is due in no small measure to the contributed surplus materials.

In view of the foregoing statements which must prevail in other similar institutions to a greater or lesser degree, you are respectfully asked to consider favorably H. R. 3322 proposed by Congressman McCormack, which safeguards the continuance of the donation program, and is opposed to bid sales of surplus materials to speculators who would be the only ones to profit by such a method of disposing of surplus properties. The passage of H. R. 3322 is in the interest of the common good. Its passage is strongly recommended to you.

Very truly yours,

SISTER MARY ALMA, O. S. F.,
Administrator.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 21, 1955.

SUBCOMMITTEE ON DONABLE PROPERTY,
*Committee on Government Operations,
House of Representatives, Washington, D. C.*

DEAR SIR: I enclose herewith several communications I received in support of H. R. 3322, which is now before your subcommittee for consideration.

I should like to voice my support of this legislation and in connection therewith, make the enclosures part of the record.

However, when they have served their purpose, will you be kind enough to return them to me for my files?

Sincerely yours,

ALBERT W. CRETILLA,
Member of Congress.

STATEMENT OF HON. IRWIN D. DAVIDSON, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF NEW YORK

Mr. Chairman and members of the committee: Thank you for giving me this opportunity to support H. R. 3322 introduced by your distinguished chairman.

I cannot urge too strongly the speedy passage of this bill. As an indication of the need and strong support behind this measure, I would like, with the permission of the chairman, to have a telegram I received from Joseph V. Spagna, commissioner of the department of purchase, city of New York, made part of the record.

I trust that the committee will soon be able to affirmatively recommend enactment of this bill to the full committee and in turn to Congress. It has my wholehearted support.

FEBRUARY 17, 1955.

Hon. IRWIN D. DAVIDSON,

Capitol, House of Representatives, Washington, D. C.:

As commissioner of the department of purchase, city of New York, I am in full accord with aims of bill H. R. 3322. May I urge your full support toward passage of this important bill which will greatly benefit our education and public-health services.

JOSEPH V. SPAGNA,

Commissioner, Department of Purchase, City of New York.

STATEMENT OF HON. JAMES J. DELANEY, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK

Mr. Chairman, and members of the committee, I appreciate this opportunity of submitting a short statement in support of H. R. 3322.

No one can question that the disposal of surplus Government property under the provisions of the Federal Property and Administrative Services Act of 1949 greatly benefited our schools and hospitals.

Today, our educational systems and health facilities are under great strain trying to meet current needs. In spite of this, by arbitrary regulations the Department of Defense has largely nullified the surplus property donation program, thus bringing added hardships to our educational and health institutions.

Schools and hospitals in my area have been hard hit by the action of the Department of Defense and are urging that corrective measures be taken.

I hope the committee will act favorably on H. R. 3322 and thus restore the original intent of Congress relative to the disposal of surplus property and afford the schools and hospitals the relief they need and so richly deserve.

STATEMENT OF HON. WILLIAM JENNINGS BRYAN DORN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. Chairman and gentlemen of the subcommittee; I appear before you today in support of H. R. 3322, introduced by the distinguished gentleman from Massachusetts, Mr. McCormack.

Nearly every survey made by the States or Federal Government shows a great need for public-school construction and better facilities for our smaller colleges and universities. I need not remind you, Mr. Chairman, that during the war years and immediately after, our people were patriotic and cooperated with our national policy in holding construction down to a minimum. The same is true of hospitals and other such eleemosynary institutions. During this period of time, pupils eligible to enter public schools have greatly increased in number and many of those begging for entrance into our institutions of higher learning are being turned away because of inadequate facilities.

I do not hesitate to say that my people are almost 100 percent behind this bill, particularly the provision that states, "No property (including property capitalized in a working-capital fund) shall be sold under this or any other act as surplus property until it has been determined whether or not such property is usable and necessary for education purposes or public health purposes, including research."

I think this bill is timely and it is fair to the taxpayers and the people of this country. It is urgently needed, Mr. Chairman. I deplore any policy which would permit selfish interests and speculators to secure this property and advance their own selfish financial interest. If our schools, colleges, hospitals, and research foundations can be given priority on this surplus property it will greatly benefit the whole Nation.

Mr. Chairman, I urge the passage of this bill and I will do my utmost to assist you in expediting its passage by the House.

STATEMENT OF HON. CLYDE DOYLE, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CALIFORNIA

Mr. Chairman, I thank you for giving me this time to present briefly my support of the very worthy objectives of H. R. 3322, authored by the distinguished

majority leader, Representative John McCormack of Massachusetts. It is certainly most commendable of him, with all his many additional duties as majority leader, to take the time and strength not only to author this important bill but to actively sit in committee from day to day with you other busy Congressmen in a prompt and timely effort to further its worthy objectives.

As a member of the Committee on Armed Services of this great legislative body during these last several years, I believe I am fully aware of the factual information that there is on hand in Government agencies much property which to all intents and purposes is well described in H. R. 3322 as "surplus property." But H. R. 3322 in the first paragraph thereof I believe specifies that section 203 of the Federal Property and Administrative Services Act of 1949 (40 U. S. C., sec. 484) be amended by inserting after A, paragraph 2, pertinent, well-timed, and objective language, as follows: "No property (including property capitalized in a working capital fund) shall be sold under this or any other Act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research."

Then in this bill there follows other timely amendments which at this time it is not necessary for me to remind you of because all of the text of the bill is pending before you for your considered opinion, and, I hope, gentlemen, your approval. May I, however, emphasize that the amendment to section 3 (203) of the same act can well be amended as proposed in the bill and that said amendment will do constructive good because it will authorize cooperative agreements by the Secretary of Health, Education, and Welfare or the head of any Federal agency designated by such Secretary to enter into cooperative agreements with all or any of the other departments of education or health or with other State agencies which are responsible for carrying out, in the various States, the program for the utilization of surplus property for educational purposes and health purposes. It well provides that these proposed cooperative agreements may provide that either the Federal agencies or State agencies will assume certain responsibility and that the State agencies will make available to the other agencies such property, personnel, or funds as may be necessary to put into effect and perform the duties.

In connection with my support of this bill, gentlemen, I thought I would quote from just a few of the communications received from school districts in the great 23d District, Los Angeles County, in my native State of California, which great congressional district contains more than one-half million residents which I have the honor and privilege of representing this, my fifth term in this great legislative body. The quotations are as follows:

From Joe L. Campbell, assistant superintendent, Downey City School District, Downey, Calif.

"Along with almost all other school districts, this school district has received great benefit from being permitted to buy war surplus property at a greatly reduced rate. We understand that there is strong probability that this valuable source of equipment and materials will be cut off. I understand that pending bills, H. R. 3322 and S. 1004, both provide for a continuation of the availability of war surplus supplies of school districts. We sincerely hope that you will do everything possible to secure the passage of legislation which would assure the continued availability of surplus property."

From Donald Reber, superintendent, Lynwood Unified School District, Lynwood, Calif.

"The Lynwood Unified School District would appreciate your active support on H. R. 3322. Our district has benefited greatly from this program."

From Norman Wampler, superintendent, Bellflower City School District, Bellflower, Calif.

"The Bellflower City School District, through the last several years, has been able to provide a substantial saving to the local taxpayers by using considerable quantities of donated Federal surplus property as provided by Public Law 152. We are gravely concerned about the possibility of some administrative action which would no longer permit such donations. It is our understanding that legislation has been introduced to amend the Federal Property and Administrative Services Act of 1949, Public Law 152, so as to improve the administration of the program and to clarify the right of donation of such property. Your support of this proposed legislation will be most appreciated."

From Bolton Jones, acting superintendent, Gallatin School District, Downey, Calif.

"It has come to my attention that two bills have been drafted to amend and improve the administration of the program for the utilization of surplus property for educational and public-health purposes. I am referring specifically to H. R. 3322, introduced by Mr. McCormack of Massachusetts, and S. 1004, introduced by Senator John McClellan of Arkansas. I represent a district that has been able to secure many items from surplus properties in the past and this fact has been of inestimable value to the people of this district. Our district is one that has had a tremendous growth of school population and getting surplus properties has been a great advantage in helping to reduce our educational costs. I urge you to support these bills when the opportunity arises and anything I can do to help will be gladly done. Please give it your support."

From Jack Robinson, superintendent, Paramount Unified School District, Paramount, Calif.

"Our Paramount School District has made wide and extremely good use of Government surplus items and we are anxious that H. R. 3322 and S. 1004 be passed. Will you give it your support? We will appreciate your efforts."

From C. F. Shambaugh, superintendent, Downey Union High School District, Downey, Calif.

"We have been advised that certain bills are being introduced in the House of Representatives and the Senate to amend the Federal Property and Administrative Services Act of 1949, Public Law 152, so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

"During the past several years, Downey Union High School District has benefited from the surplus-property program and we are desirous of seeing the program continued. The purpose of this letter is, of course, to solicit your support of this legislation."

So you see, Mr. Chairman and members of the committee, the foregoing statements of fact as communicated to me by these distinguished schoolmen and educators in the 23d District, in response to my inquiry, clearly show the worthiness and necessity of the passage of H. R. 3322 as related to the too rapidly increasing school population and the crowded conditions and the limited financial support and resources existing there. No doubt such communications as I have quoted to you can be multiplied by the thousands from other school districts in our great Nation. I hope this committee and subcommittee do vote this bill out by "do pass." I pledge you my vigorous support on the floor of the House for its prompt enactment by the House of Representatives.

STATEMENT OF HON. ED EDMONDSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. Chairman, I am in favor of authorizing the utilization of Government surplus property for educational and public health purposes as provided for in H. R. 3322, introduced by the distinguished House majority leader, Congressman John W. McCormack of Massachusetts.

A provision of this bill which is very badly needed would provide that no property shall be sold as surplus until it is determined whether or not it is usable and necessary for educational or public health purposes, including research.

Another provision which I consider highly necessary would give the Secretary of Health, Education, and Welfare the authority to screen this surplus property before it is made available to the public.

The urgent need for the passage of this bill has been brought to my attention by college presidents, county superintendents of schools, public school officials in individual communities, and by the head of an Oklahoma State hospital.

In addition, the director of the Oklahoma State Agency for Surplus Property, Mr. Sam Ewing, has written me as follows:

"This bill is one that every surplus property State agent, as well as the schools, hospitals, and institutions of this State has been trying to get over. We, on the distributing end of this bill, realize the great need for this change."

Dr. Harrell E. Garrison, president of Northeastern State College at Tahlequah, Okla., advises me:

"Northeastern State College wishes to urge that you support H. R. 3322 which will permit the health, education, and welfare research agency to screen surplus property for public institutional use before it is stockpiled for selling to private individuals."

Mr. Jacob Johnson, president of Conners State Agricultural College at Warner, Okla., has written me urging support of the bill as follows:

"There is much surplus property that could be of great use to the schools of the Nation. We believe that Mr. McCormack's resolution is needed to see that more of this property is directed to the use of health, education, and welfare."

Mr. James O. Baird, president of Central Christian College at Bartlesville, Okla., states that he believes passage of this bill "will strengthen the cause of public and private education in the State of Oklahoma."

Mr. Roy H. Cantrell, president of Bethany-Peniel College at Bethany, Okla., has written me in part as follows:

"We are very grateful for the opportunities we have had in the past of working with Government surplus property. It has assisted us in getting some equipment that would have been utterly impossible had it not been for the savings in Government surplus property. * * * If this bill could be passed it would be a great help in a material way to all colleges of the Nation."

Similar communications have been received from Dr. E. P. Henry, head of the Oklahoma State Hospital at Taft, Okla., and from too many county school superintendents and local school officials to quote.

However, the data and information supplied in these statements already given clearly show the desire, the need, and the advisability of this legislation.

Let us therefore write into law the changes and safeguards provided in this bill for the benefit of our educational and public health institutions.

With our crowded schools and hospitals desperately needing every bit of help they can obtain, we should leave no stone unturned to give them adequate first rights in obtaining surplus property of the Federal Government.

I urge support of this legislation, and I sincerely hope this committee will give the House an opportunity to vote for it at the earliest possible date.

STATEMENT OF DR. A. FERNÓS-ISERN, RESIDENT COMMISSIONER OF PUERTO RICO

Mr. Chairman, I appear in support of H. R. 3322, which would strengthen the Federal Property and Administrative Services Act of 1949, so as to make surplus property of the Federal Government more readily available for free distribution to public health and educational institutions.

As you may know, there has been in operation in Puerto Rico a program of accelerated development of educational and health institutions. There have been great strides made there in education, health, and sanitation, but we feel that we have still considerable to achieve. School facilities are being expanded as rapidly as possible in order to accommodate the school-age population. As additional class rooms are opened, additional supplies are required. Puerto Rico can put to good use for its educational system any surplus property suitable for educational purposes. The same is true about our health department, which is under considerable burden to meet demands.

May I make a suggestion, however. As you know, Puerto Rico recently acquired the political status of a commonwealth of the United States. Accordingly, I think it would be desirable for the Federal Property and Administrative Services Act of 1949 to be amended to include "the Commonwealth of Puerto Rico" wherever the terms "Territories and possessions of the United States" or "States, Territories and possessions" are used.

Such amendments would make it clear that Congress intended for this act to apply to the Commonwealth of Puerto Rico, which is not properly a State or a Territory or a possession.

STATEMENT OF HON. THOMAS P. O'NEILL, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. Chairman and members of the subcommittee, I am more than happy to have the opportunity to express to you my support of the legislation now before you, H. R. 3322.

It is my firm belief that it is to the best interests of all of our people that surplus mechanical and technical equipment, originally purchased but no

longer required by the Federal Government, should be kept flowing directly to the many educational and health institutions of our country.

We are all familiar with the great demands upon our schools and our hospitals, and of their need for much of the surplus material of the Federal Government which can be procured at little or no cost to them. None of this equipment should be diverted to other uses until all of the needs of our qualified schools and hospitals have been met. Where there is the greatest need, the greatest good can be accomplished through enlarging the program to provide for more such goods for these institutions, and for better administration of the program.

I believe that the proposed changes in the Federal Property and Administrative Services Act of 1949, as amended, which are contained in H. R. 3322 will definitely increase the public benefits which accrue from the use of this surplus material, and I earnestly recommend to the committee that this measure be favorably reported.

APPENDIX II

The following communications, containing the views of various Departments of the Government with regard to H. R. 3322, were ordered by the subcommittee to be inserted in the record of these hearings at this point:

HON. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representatives, Washington, D. C.

DEPARTMENT OF AGRICULTURE,
February 16, 1955.

DEAR MR. DAWSON: Thank you for your letter of February 5, 1955, giving us an opportunity to comment on H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

This Department takes no position regarding the bill generally, since the proposal relates primarily to activities of other Government agencies. However, it is desired to make the following comments.

If the bill, as presently worded, includes trust-fund and corporation property, it is believed that it should be amended to exempt such property because of the nature of the funds involved.

With regard to property of the working capital funds of this Department, the legislation establishing these funds imposes a legal responsibility to protect their integrity and to keep the assets intact. Therefore as a matter of principle, it is believed that the assets of the working capital funds should be disposed of in a manner which would return to the funds an amount equal to the fair market value of the assets at the time of disposition. However, in view of the small amount of working capital fund property which may become surplus to the operations of this Department, it is not believed that the amount of such surplus property which would be donated under this bill would have any material effect on our operations.

The provision of the bill (sec. 3) relating to cooperative agreements is not clear. If the intent is to authorize mutual arrangements between Federal and State agencies to facilitate allocation or utilization of donable property after it has been authorized for donation by the Administrator of the General Services Administration in accordance with subsections (j) or (k) of section 203 of the act, we would have no objection to such provision. However, it is our view that this bill should in no way impair the present authority of the Administrator of the General Services Administration to have supervision and direction over the disposition (including donation) of surplus property.

In view of the time situation we have not obtained advice from the Bureau of the Budget regarding the relationship of this bill to the program of the President.

Sincerely,

TRUE D. MORSE, *Acting Secretary.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, February 3, 1955.

The honorable the SECRETARY OF THE ARMY.

DEAR MR. SECRETARY: Reference is made to letter of October 5, 1954, from the Assistant Secretary of the Army (FM), presenting for decision certain questions relating to transfers of property which is carried in the civil works functions revolving fund, Corps of Engineers, established by the Civil Functions Appropriations Act, 1954, Public Law 153, approved July 27, 1953, 67 Stat. 199. The law provides as follows:

"For establishment of a revolving fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of the plant and equipment of the Corps of Engineers used in civil-works functions, including acquisition of plant and equipment, maintenance, repair, and purchase, operation, and maintenance of not to exceed four aircraft at any one time, temporary financing of services finally chargeable to appropriations for civil-works functions, and the furnishing of facilities and services for military functions of the Department of the Army and other Government agencies and private persons, as authorized by law, \$100; and in addition, the Secretary of the Army is authorized to provide capital for the fund by capitalizing the present inventories, plant and equipment of the civil-works functions of the Corps of Engineers. The fund shall be credited with reimbursements or advances for the cost of equipment, facilities, and services furnished, at rates which shall include charges for overhead and related expenses, depreciation of plant and equipment, and accrued leave: *Provided*, That on July 1, 1953, (1) the fund shall assume the assets, liabilities, and obligations of the plant accounts, as carried on the records of the Corps of Engineers as of June 30, 1953, under the appropriations for 'Maintenance and improvement of existing river and harbor works', 'Flood control, general', and 'Flood control, Mississippi River and tributaries,' and (2) there shall be transferred from said appropriations to the fund amounts equivalent to the unexpended cash balances of the plant accounts on June 30, 1953: *Provided further*, That the total capital of said fund shall not exceed \$140 million."

The revolving fund is an individual entity established to finance the expenses necessary for the maintenance and operation of the plant and equipment of the Corps of Engineers used in civil-works functions. As a general rule, the corpus of the revolving fund should not be impaired by the transfer of assets. However, transfers of property which are authorized by law or statutory regulations to be made without reimbursement constitute an exception to this rule.

Sections 1257 and 1311, title 10, United States Code, cited in the letter of October 5, 1954, as authority for transfers of property, were repealed by section 1 (18) of the act of October 31, 1951, 65 Stat. 702. Hence, any transfers of property involved would appear to be those authorized by the Federal Property and Administrative Services Act of 1949, Public Law 152, approved June 30, 1949, as amended. Section 202 of the Federal Property and Administrative Services Act of 1949, as amended, 40 U. S. C. 483, provides, in pertinent part (quoting from the United States Code):

"Sec. 483. Property utilization—(a) Policies and methods.

"In order to minimize expenditures for property, the Administrator shall prescribe policies and methods to promote the maximum utilization of excess property by executive agencies, and he shall provide for the transfer of excess property among Federal agencies and to the organizations specified in section 630 g (f) of title 5. The Administrator, with the approval of the Director of the Bureau of the Budget, shall prescribe the extent of reimbursement for such transfers of excess property: *Provided*, That reimbursement shall be required of the fair value, as determined by the Administrator, of any excess property transferred whenever net proceeds are requested pursuant to section 485 (b) of this title * * *

* * * * *

"(c) Additional duties of executive agencies.

"Each executive agency shall, as far as practicable, (1) make reassignments of property among activities within the agency when such property is determined to be no longer required for the purposes of the appropriation from which it was purchased, (2) transfer excess property under its control to other Federal agencies and to organizations specified in section 630 g (f) of title 5, and (3) obtain excess property from other Federal agencies."

The extent of reimbursement required for personal property transferred to other agencies under such provision of law is set out in the regulations of the General Services Administration (GSA reg. 1-111-303). The reimbursement required by those regulations generally is the fair value of the property.

The questions will be considered in the order presented.

"(a) In the case of property acquired by transfer without reimbursement prior to enactment of Public Law 153, may transfer thereof to the Department of the Army, to the National Industrial Reserve, or to another Federal agency, be made without reimbursement?

"(b) In the case of property acquired by transfer without reimbursement subsequent to enactment of Public Law 153, may transfer to the Department of

Defense military functions, or to another Federal agency, be made without the reimbursement?"

There is no apparent basis for making any distinction between property acquired without reimbursement prior to, and property acquired without reimbursement subsequent to, the enactment of Public Law 153. In both cases, the property would have been capitalized under the revolving fund at the time of acquisition. Such property may be reassigned within the Department of Defense without reimbursement if in accordance with the policies of the Secretary of Defense. If the property is transferred to another Federal agency, the extent of reimbursement, if any, is for determination under the cited regulations of the General Services Administration in the absence of other specific provisions of law or statutory regulations.

"(c) In either case may transfer be made without reimbursement for unamortized rehabilitation or capital improvement made to the property at the expense of the civil functions, Corps of Engineers?"

Transfers of property originally received without reimbursement to which unamortized rehabilitation or capital improvement were made at the expense of the civil functions, Corps of Engineers, should be treated in the same manner as stated in answer to questions (a) and (b).

"(d) If reimbursement is required for transfer of such property, should the amount of reimbursement be—

"(1) The book value as reflected on the accounts of the Corps of Engineers;

"(2) The appraised value as measured by the condition of the property; or

"(3) A mutually agreed value regardless of the book value or condition of the property?"

In the absence of other specific statutory authority, reimbursement for transferred property, where required, should be at its fair value in accordance with the regulations of the General Services Administration. Where the value thus established is different from the book value as recorded in the accounts, both the net book value and the reimbursement received should be recorded in a special nonoperating section of the income and expense accounts. The resultant gains or losses from such transactions should not be reflected in the Corps' regular operations since the transactions are governed by special provisions of law. No penalty from such transactions should be imposed upon future customers except in cases where there is a substantial difference between the book value as recorded under the fund and the fair value, and where this difference is caused by inadequate provisions for depreciation of the property transferred. In such cases, the difference should be recaptured through the regular operations of the revolving fund.

Where transfers of property are authorized by law to be made without reimbursement, the book value as recorded in the accounts of the revolving fund should be closed into the transfers of cost or property (to or from) account.

A full disclosure of all such transfers of property should be reflected in the financial statements rendered for the revolving fund.

"(e) May real property of a depreciable character be granted for use on a revocable permit without requiring reimbursement for depreciation of the property?"

Revocable permits issued on depreciable real property should provide for the recovery of the cost of ownership to the Corps of Engineers including depreciation, insurance, and maintenance. Otherwise, such costs would have to be borne by civil-works projects having no relation to the use of such property.

The questions presented are answered accordingly.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General of the United States.

ASSISTANT SECRETARY OF DEFENSE,
Washington 25, D. C., February 21, 1955.

Hon. JOHN E. MOSS, JR.,
*Special Subcommittee on Donable Property
of the Committee on Government Operations,
House of Representatives.*

DEAR MR. MOSS: At the hearings on H. R. 3322 on February 17, you asked me certain questions pertaining to Department of Defense returns on sales of surplus stock fund material and the pricing basis on which these percentages were calculated.

In reading the transcript of my testimony, possibly misunderstanding your question, I note that on page 273 I erred in one of my answers and want to

correct this mistake at the earliest moment. Specifically, I indicated that stocks were capitalized in the stock funds at prices which considered the condition of the stocks and that excess stocks were taken up at less than full acquisition costs (standard prices of the items). In responding to your questions on the percentage return of sales of surplus stock fund material, I first answered correctly that 40 percent of acquisition cost was the indicated return. You then inquired whether in view of the pricing basis at initial capitalization the 40 percent represented the return on the lower capitalized basis thus yielding perhaps a 20 percent return on acquisition cost. I answered this question, "Yes." The correct answer should have been "No" since the gross return on sales of stock fund material of 40 percent (based on the Bureau of the Budget task force sampling) was calculated on acquisition cost and not the fair value or reduced prices. Had the sales prices been calculated with respect to the fair value of the items the percentage return would have been at least 80 percent (the highest fair value being 50 percent of acquisition cost). In all fairness, however, I wish to point out that our own sampling of a complete sale at Atlanta showed a 46.4 percent and 105 percent return of "fair value" for unused and used material and 23.2 percent and 20.9 percent return on acquisition cost respectively.

You may wish to insert this letter in the record of the hearings in order to correct the testimony.

Sincerely,

W. J. McNEILL, *Assistant Secretary of Defense.*

UNITED STATES DEPARTMENT OF LABOR,
Washington, D. C., February 23, 1955.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN DAWSON: This is in further reply to your request for my comments on H. R. 3322, a bill "To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes."

Apparently, the primary effect of H. R. 3322 would be to prohibit the sale of any surplus Federal property, including property capitalized in working-capital funds, until it has been determined by the Secretary of Health, Education, and Welfare whether the property is usable and necessary for educational and health purposes, including programs of the States. Unlike other surplus property now made available for these purposes under existing law, property of some Federal agencies in working-capital accounts is withheld from public uses and sold to replenish these accounts. The Department of Labor does not have any property in this status.

I am, of course, very much in favor of assistance to State educational and public health programs where the assistance is feasible under Federal fiscal policies. This Department, however, is not in a position to appraise the method of assistance proposed by H. R. 3322, and I prefer not to comment on its provisions.

The Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely yours,

JAMES P. MITCHELL, *Secretary of Labor.*

GENERAL SERVICES ADMINISTRATION,
Washington, D. C., February 17, 1955.

Re H. R. 3322.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN DAWSON: Your February 1 letter requests a report from this agency upon the bill H. R. 3322, "to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes."

The bill would amend section 203 (j) (2) of the Federal Property and Administrative Services Act of 1949 by prohibiting the sale of surplus Government

property until it has been determined whether such property is usable and necessary for educational or public-health purposes.

The bill would also make express reference to "property capitalized in a working-capital fund" as being included in property eligible for donation under the Federal Property and Administrative Services Act of 1949.

It is the position of this Administration that the donation provisions of this act apply to property capitalized in working capital funds such as those established pursuant to section 405 of the National Security Act Amendments of 1949. Inasmuch, however, as the matter has been the subject of varying interpretations, this Administration would favor an amendment which would clarify beyond question the intent of the Congress in this matter.

In lieu of the proposed amendment to section 203 (j) (2) we recommend that this be accomplished by an appropriate amendment to section 203 (j) (1) of the act. This could be done by adding to section 203 (j) (1) the following:

"Except as otherwise provided by the Administrator, property shall be available for donation under this subsection without regard to the source of the funds from which it was acquired: *Provided*, That property acquired from trust funds or funds not appropriated or derived directly or indirectly from the general fund of the Treasury or otherwise appropriated by law shall not be donable unless authorized, in accordance with law, by the agency administering such fund. Nothing in this or any other law shall be construed as exempting from donation surplus property, or as precluding transfer without reimbursement pursuant to section 202 (a) of excess property, in working capital funds established pursuant to section 405 of the National Security Act Amendments of 1949 or similar management-type funds."

To the extent that the amendatory language in section 1 (b), referring to regulations issued by the Secretary of Health, Education, and Welfare, would permit the determination of usability and need for donable property to be made by non-Federal agencies, this Administration is opposed to such change.

Section 2 of the bill would eliminate the authority of the Secretary of Health, Education, and Welfare to enforce, amend, and release restrictions having to do with surplus personal property transferred, donated, or sold at a discount for educational or public health purposes, under the Surplus Property Act of 1944 or under the Federal Property and Administrative Services Act of 1949, as amended.

It has been the experience of GSA in connection with restrictions administered by this Agency that enforcement and administration of such restrictions are costly and, for the most part, impracticable. GSA would, accordingly, have no objection to discontinuing enforcement of such restrictions.

It would appear desirable, however, if the authority to enforce restrictions is to be eliminated, that the Secretary of Health, Education, and Welfare should, at the same time, be given express authority to suspend allocations of donable property to States where the Secretary determines that such property in such States is being diverted from the purposes for which the donations are made.

If section 2 is intended to eliminate all restrictions in connection with future donations of surplus personal property, the proposed insertion of the word "real" in (A) and (B) of section 203 (k) (2) is not adequate to accomplish the purpose intended. This is so because there is nothing in the bill to preclude the inclusion of restrictions in connection with future donations, and their enforcement as otherwise provided by law, i. e., possibly, by the Attorney General.

Section 3 of the bill would provide authority to the Secretary of Health, Education, and Welfare to enter into cooperative agreements with State agencies for carrying out the program for donation of surplus property for educational and health purposes. While the use of such authority under some circumstances may be justified, we believe that these very broad provisions fail to establish any limitations upon the obligations and activities of either the Federal or State Governments.

Section 602 (d) of the Federal Property and Administrative Services Act would appear to have the same meaning without the amendment proposed in section 4.

Section 5 would confine to a period of 1 year from date of enactment of this bill the rights of the Government arising out of restrictions and conditions imposed in connection with the donation or sale at discount of surplus property for educational and public-health purposes.

Because of the cost and impracticability of pursuing these rights, we concur in the desirability of such legislation. It is recommended, however, that consideration should be given to an exception in the case of civil or criminal judicial proceedings which have already commenced prior to enactment of this section.

It is further recommended that the word "transferred," be inserted after the word "property" in section 5 where it first appears. This would recognize transfers made for educational purposes at nominal cost pursuant to the Surplus Property Act of 1944, as amended.

It is also suggested that the word "use" be substituted for the word "utilization" in section 5, as well as in section 3, in order that there will not be confusion with the use of the word "utilization" in section 202 of the Federal Property and Administrative Services Act. The term "utilization" has acquired a well established meaning as referring to excess personal property still within the Federal system.

Considering section 2 and section 5 together, two major discrepancies are apparent. First, while the bill endorses the principle of eliminating enforcement of restrictions, it fails to prevent creation of new restrictions which would be enforceable, possibly, by the Attorney General but not enforcement by the Secretary of Health, Education, and Welfare.

Secondly, while section 5 of the bill would leave unimpaired the effectiveness of existing restrictions for 1 year from enactment, section 2 would deny the Secretary of Health, Education, and Welfare jurisdiction to proceed in such cases.

If the principle is sound that restrictions should not be enforced, then this reasoning should apply so as to prevent creation of similar new restrictions and section 2 should be modified accordingly.

If it is intended to preserve existing restrictions for 1 year under section 5, then the Secretary of Health, Education, and Welfare should not be denied correlative jurisdiction to enforce such restrictions during that period.

The Bureau of the Budget has no objection to the submission of this report. However, such submission does not constitute any commitment concerning the relationship of the report to the program of the President.

Cordially yours,

E. F. MANSURE.

GENERAL SERVICES ADMINISTRATION,
Washington, 25, D. C.

OPINION OF THE GENERAL COUNSEL No.—, FEBRUARY 18, 1955

Subject: Legality of Department of Defense stock fund regulations in relation to the donation and utilization provisions of the Federal Property and Administration Services Act of 1949, as amended.

PART I (DONATIONS)

Section 203 (j) of the Federal Property and Administrative Services Act of 1949 (Public Law 152, 81st Cong., June 30, 1949), as amended by Public Law 754 (81st Cong., Sept. 5, 1950), authorized the Administrator of General Services, "in his discretion," to donate personal property to certain tax-supported and nonprofit, tax-exempt educational and health institutions.

The National Security Act Amendments of 1949 (Public Law 216, 81st Cong., Aug. 10, 1949) added section 405 to the National Security Act of 1947, authorizing the establishment (to the extent specified) of reimbursable "stock funds." Under date of February 1, 1954, the Department of Defense issued Directive No. 7420.1, prescribing regulations to govern the operation of such stock funds.

In implementing this directive, the military departments have construed it as requiring that surplus stock fund property must be disposed of in such manner as to realize proceeds in order to deposit such proceeds to the credit of the stock funds; that, accordingly, such stock fund surplus property is not subject to the donation authority of the Administrator of General Services under section 203 (j) of the Federal Property and Administrative Services Act of 1949, as amended (referred to below as the "Property Act."). As a result, the bulk of surplus stock fund property has become ineligible for donation under the Property Act.

Our legal opinion has been requested as to the legality of the cited directive as so construed and implemented.

It is our opinion that the cited Department of Defense stock fund directive, as so interpreted and implemented, is inconsistent with the intent of the Congress under the Property Act and contrary to law.

Section 203 (j) of the Property Act is a major segment of program legislation which received exhaustive consideration by the Congress as well as by the executive branch of the Government and the general public. (See, for example, H. Rept. No. 670, 81st Cong., pp. 5 and 15; S. Rept. No. 475, 81st Cong., pp. 5 and 17; Senate Expenditures Committee hearings, 81st Cong., on S. 990 and S. 859, Apr. 14, 1949).

The policy of the Congress as expressed in that section, i. e., to recognize the public benefit derived from the disposal of Government surplus property to educational and health institutions is a basic policy of long standing which has found expression in many laws prior to the enactment of the property act. This is particularly true of surplus property generated from the military departments. (See Public Law 460, 74th Cong., Feb. 28, 1936 [Army donations for vocational training]; Public Law 249, 71st Cong., May 23, 1930 [Navy donations for vocational training]; Public Law 524, 70th Cong., May 26, 1928 [War Department donations of aeronautical equipment]; Public Law 615, 69th Cong., Feb. 14, 1927 [Navy donation of aeronautical equipment]; Public Law 91, 66th Cong., Nov. 19, 1919 [War Department donations of machine tools].)

Section 203 (j) of the Property Act is, in fact, an extension of Public Law 889 of the 80th Congress which confined donations to surplus property of the Army, Navy, and Air Force. This military surplus donation legislation was enacted with the complete endorsement of the military departments. (See House Armed Services Subcommittee, No. 6, hearings on H. R. 5662, 80th Cong., particularly at p. 6710, as well as reports dated May 7, 1948, from the Army (p. 6718 of hearings) and Navy (p. 6711 of hearings), fully endorsing this legislation. See also p. 3 of H. Rept. 1947, 80th Cong., on H. R. 5882 which became Public Law 889, 80th Cong.)

In this connection, in the hearings on S. 2745, 80th Congress, the "Federal Property Act of 1948," which contained no provision similar to section 302 (j) of the (1949) Property Act, Mr. Edwin K. Toll, chairman, legislative committee of the National State Educational Agencies for Surplus Property, testified (p. 113) that the proposed (1948) Property Act appeared to nullify donation programs of the Army, Navy, and Air Force, under Public Law 889 and stressed the importance of continuing such donation programs. Dr. Arthur L. Harris, chairman, Surplus Property Educational Program, Office of Education, testified to the same effect (hearings, p. 67).

It is clear from the foregoing, that Congress intended the donation program provided for in the Property Act as a significant piece of legislation and further, that Congress was well aware that Department of Defense surplus property was to be a principal source of such donable property.

From a careful examination of the legislative history of section 405 of the National Security Act of 1947, as amended by Public Law 216, 81st Congress, it may be conclusively stated that the Congress did not intend the stock-fund law to operate in a manner to supersede major program legislation. There is nothing whatever in the committee reports to indicate a congressional intention that stock-fund provisions relating to reimbursement were in any way intended to defeat other congressionally approved programs, particularly an important, thoroughly considered program approved concurrently in the same Congress. (See H. Rept. No. 1064, 81st Cong., 1st sess., July 14, 1949, and S. Rept. No. 366, 81st Cong., 1st sess., May 12, 1949, both of which are merely declaratory of the express provisions of sec. 405.)

As a matter of fact it is perfectly clear that in the enactment of the stock fund law Congress did not even intend to override other laws concerning budget and fiscal matters—matters directly related to the purpose of the stock fund law. (See sec. 411 of Public Law 216, 81st Cong.; Comp. Gen. letter of May 4, 1949, to the chairman, Senate Armed Services Committee, on S. 1259, 81st Cong., quoted at pp. 203–205 of the Senate Armed Services Committee, hearings on the National Security Act amendments of 1949; letter of May 5, 1949, from the Director, Bureau of the Budget, pp. 206–208 of cited hearings.)

It is quite clear from an examination of the legislative history of Public Law 216, 81st Congress, adding title IV (including stock fund provisions) to the National Security Act of 1947, that the purpose of the Congress was to effect certain improvements in the budget and accounting systems in the Department of Defense, and not to negate positive program legislation.

Herbert Hoover, testifying before the Senate Armed Services Committee on April 11, 1949, with respect to the National Security Act amendments of 1949, described the work of his task force on budget and accounting in the Defense Establishment, pointing out that the military budget system had broken down and, quoting from the task force report, that "Congress allocates billions without accurate knowledge as to why they are necessary and what they are to be used for." The remedy, Mr. Hoover said, was a "performance" budget with "modern and uniform accounting methods." (See Senate Armed Services Committee hearings on the National Security Act Amendments of 1949, pp. 127, et. seq.)

Mr. Ferdinand Eberstadt (who had headed a special Hoover Commission task force dealing with the military and who assisted in the preparation of the draft of proposed title IV), testifying on May 5, 1949 before the Senate Armed Services Committee, referred to his work and stated the purposes of title IV to be twofold: "(1) to provide for the presentation of the budget estimates and authorized programs in readily understandable form so as to afford the Secretary of Defense, the President, the Congress, and the people, a convenient means of grasping clearly the purposes for which funds are being requested and the various amounts which are to be devoted to these specific purposes, and (2) to put at the disposal of the Secretary of Defense and the Secretaries of the three military departments, the assistance and technical advice, the organizational mechanisms, and the forms and procedures essential to effective implementation of their budgetary and fiscal responsibilities." Mr. Eberstadt's further testimony elaborated on this general subject (hearings, pp. 208-220).

Mr. W. J. McNeil, then special assistant to the Secretary of Defense, testifying at the Senate hearings, described the purposes of provisions for stock funds (hearings, pp. 238-243). This testimony, generally declaratory of the express provisions of the bill, in no way indicated any thought or purpose that the accounting improvement provisions were to be exercised to defeat other legislative programs. It is evident from an examination of this testimony, and his further testimony at the Senate hearings (pp. 251-254) that the reimbursements which were contemplated were reimbursements upon the issue of property from the stock fund to the military departments and had nothing whatever to do with the disposal of surplus property. This is also apparent from his testimony at the hearings of the House Armed Services Committee on H. R. 5632 (pp. 2668-2670).

The stock fund provisions of Public Law 216 were designed to implement recommendations made by the Hoover Commission in its January 1949 Task Force Report on National Security Organization. (See pp. 14-15 and 71-73 of that report.) The stock fund provisions of Public Law 216 were introduced into the legislative history of the National Security Act Amendments of 1949 on March 29, 1949 by a Senate committee amendment prepared at the request of the Committee on Armed Services. (See Senate Armed Services Committee hearings on S. 1269 and S. 1843, 81st Cong., 1st sess., p. 196.) It is clear therefore that such provisions of the National Security Act Amendments of 1949 can in no way be considered as creating congressional intention to supersede donation provisions of the Property Act which was not enacted until June 30, 1949, some 3 months later.

An examination of both the text and legislative history of section 405 of the stock fund law fails to make any mention whatever of disposals of surplus property and this failure to cover a very significant subject matter may not be regarded as accidental. On the contrary, it must be regarded as evidencing the intent of the Congress that the subject of surplus property be governed by the law specifically dealing with that subject—the Property Act which was fresh in the collective mind of the Congress, that law having been concurrently considered with the stock fund law and passed in the same session of Congress.

In this connection, the conclusion that section 405 does not deal with the proceeds of dispositions of surplus property was reached by the Comptroller General (B-90707-O. M., Aug. 3, 1950) when he pointed out that "reimbursement * * * [of stock funds] with the proceeds of surplus property is not specifically provided for * * *"

While section 405 (c) (2) of the National Security Act of 1947, as amended, provides that DOD stock funds "shall" be reimbursed for the cost of stores furnished, this subsection appears to relate to transfers within the Department of Defense since section 405 (g), applying to "purchasers or users outside the Department of Defense," provides that Department of Defense stock funds "may" be reimbursed. The term "may" is obviously a permissive one and must accordingly be related to provisions of other laws, and in particular, the Property Act providing for a special type of disposition without reimbursement, i. e., donation of surplus. Department of Defense discretion therefore should not be exercised to negate the donation provisions of the Property Act.

With respect to the provision in section 405 (c) (2) that stock funds shall "be reimbursed" for the cost of stores furnished, the Comptroller General in the above-cited decision expressed the view that "reimbursement * * * with the proceeds of sales of surplus property is not specifically provided," but that "having in mind the overall purpose in establishing and maintaining the funds in the manner provided, there appears sufficient basis to warrant the holding that such proceeds may be credited to the funds." The Comptroller General further said that if, "by appropriate regulation, the Secretary of Defense should

provide for crediting working capital funds with the net proceeds derived from sales of surplus material, no objection thereto will be raised by this office."

It is perfectly clear that this decision of the Comptroller General is not authority for the proposition that stock funds must be reimbursed from the proceeds of the sale of surplus property. Furthermore, it does not purport even to consider the question as to whether disposals of surplus property must be made only in such manner as to produce proceeds. On the contrary, it is merely a statement that the Comptroller General would not be required to object if the Secretary of Defense issued (appropriate) regulations providing for the crediting to stock funds of such proceeds as might be realized. The question whether a disposal must be made only in such manner as to produce proceeds we regard as being governed by the Property Act which specifically covers the manner in which surplus Government property will be disposed of.

If we were to disregard entirely, however, the question of whether or not the stock-fund law or the Property Act was controlling as of the date of enactment of the stock-fund law, the Congress, in Public Law 754, 81st Congress, enacted subsequent to the stock-fund law, extended the provisions of the Property Act to include donations for public-health purposes. This same law, in what became section 602 (c) of the Property Act, specifically provided that: "the authority conferred by this Act shall be in addition and paramount to any authority conferred by any other law and shall not be subject to the provisions of any law inconsistent therewith. See p. 19, S. Rept. 2140, 81st Cong., and pp. 112-113, House Expenditure Subcommittee hearings on H. R. 9129, 81st Cong.)

It is thus clear that whatever the situation may have been prior to the enactment of Public Law 754, 81st Congress, that this law made unequivocal the intent of the Congress that the Property Act be made paramount to any other law.

We understand it to have been asserted that even if the Department of Defense did not issue its stock-fund directive that the definition of "donable property" in GSA regulation 1-I-102.1a.8 excludes property held in reimbursable funds and that accordingly Department of Defense stock-fund property would be ineligible for donation under this definition.

The GSA regulation definition of "donable property," as a matter of discretion, excluded funds of the type considered to be reimbursable within the meaning of section 204 (b) of the Property Act. Section 204 (b), however, was derived from section 30 (b) of the Surplus Property Act of 1944 which never contemplated as being within its purview, management-type funds such as Department of Defense stock funds. In fact, the language in section 30 (b) of the Surplus Property Act of 1944, was taken from the bill Surplus Personal Property Act of 1943, and was inserted in the Surplus Property Act of 1944 at the suggestion of the General Accounting Office. (See letter of November 24, 1943, from Comptroller General to Senate Committee on Military Affairs, report of War Contracts Subcommittee of January 25, 1944.) Accordingly, the GSA definition of "donable property" does not exempt Department of Defense stock-fund property from donation under the Property Act. A clarifying amendment to this definition of "donable property" would, in any event, appear desirable in view of the question raised.

It is our understanding that the Department of Defense justifies eliminating most stock-fund surplus property from eligibility for donation, in part, based on the language of House Report 670, 81st Congress, referring (p. 5) to property "which would realize little monetary return." These words, however, should not be read out of context, but must be read in the light of the entire legislative history of the donation provisions of the Property Act, predecessor bills leading up to the donation provisions of the Property Act, as well as the legislative history of Public Law 889, 80th Congress, of which the Property Act donation provision is an extension. This legislative history demonstrates no congressional intention to confine donable property strictly to property of little or no value.

In any event the term "little monetary return," even according to the significance apparently attached to it by the Department of Defense, must be related to the acquisition cost of the property or it would have no reasonable meaning at all. This is so because, inevitably, the aggregate of individual disposals which would produce little monetary return must, at some point, amount to substantial monetary return. Accordingly, the term "little monetary return" must be related to the acquisition cost of the property and most surplus property disposals bring little monetary return in terms of acquisition cost and more particularly in terms of the utilization value of such property for education and health purposes.

Based upon the foregoing considerations it is our opinion that Department of Defense directive No. 7420.1 purportedly issued under authority of section

405 of the National Security Act of 1947, as amended, as interpreted and implemented by the military departments, is unauthorized and contrary to law.

PART II—TRANSFERS OF EXCESS PROPERTY

The Department of Defense stock-fund directive, according to our understanding, has not only seriously affected the donation program under section 203 (j) of the Property Act, but it has also reduced proper utilization of Department of Defense excess property within the Government. This result has been brought about by the action of the Department of Defense under its stock-fund regulations in declining to effect transfers of excess in accordance with regulations of the Administrator of General Services prescribing, with the approval of the Director of the Bureau of the Budget as provided by law, the extent of required reimbursement, such regulations having been designed to encourage and promote maximum possible utilization within the Government of property which may be excess to the needs of any executive agency.

We have been asked whether this action on the part of the Department of Defense in declining to allow excess property carried in stock funds to be transferred in conformance with GSA regulations prescribing the extent of reimbursement for transfers of excess property is authorized by section 405 of the National Security Act of 1947, as amended.

It is our opinion that section 405 of the National Security Act of 1947, as amended by Public Law 216, 81st Congress, does not authorize the Secretary of Defense to issue regulations authorizing the Department of Defense to disregard GSA regulations prescribing the extent of reimbursement, pursuant to section 202 (a) of the Property Act, on transfer of property held in stock funds but excess to the needs of the Department of Defense.

Under section 202 (e) of the Property Act as originally enacted, reimbursement at fair value was required for transfers of excess property between Federal agencies. Public Law 522, 82d Congress, repealed this reimbursement requirement, substituting the provision in section 202 (a) under which GSA regulations, to be approved by the Director, Bureau of the Budget, would specify the extent of reimbursement on such excess transfers.

This amendment was sponsored by GSA and enacted by the Congress for the specific purpose of promoting better utilization of excess property in the Federal system and avoiding new purchases. The legislative history of this section indicates congressional recognition of the fact that concrete savings to the taxpayer are effected by utilizing property already paid for by one agency of the Government, through transfer to another agency without reimbursement (or a nominal reimbursement) where such other agency has a genuine need for the property but insufficient funds to pay the full fair value or where other circumstances exist which justify such transfers, as outlined in the legislative history of Public Law 522, 82d Congress.

Where such property, no longer needed by one agency but not utilized by other agencies because of lack of funds, is disposed of by donation or sale, little or not net return is realized (other than the public benefit aspect in the case of donation). In the hearings on this amendment Mr. Reynolds, then Public Buildings Commissioner, cited the example of perfectly good furniture being declared surplus and disposed of outside the Federal system at small return, at the same time that badly worn furniture requiring replacement remained in other agencies. (See House hearings on H. R. 5350, pp. 11-21; H. Rept. 1524, p. 4, and S. Rept. 2075, pp. 3-4, all of the 82d Cong.)

Since the large proportion of Government excess is developed by the military departments, one must assume that the Congress intended that the change in the law to promote better utilization was intended to apply to the bulk of Department of Defense property.

Further evidence, however, that the Congress intended this modified reimbursement provision to apply to the Department of Defense may be found in connection with the elimination of section 202 (d) of the Property Act as originally enacted which provided for transfers without fair value between the military departments. Mr. Maxwell Elliott, in response to inquiry from Representative Holifield, stated "If the Congress eliminated fair value completely and provides for it to be administered by regulation, it was our thought that the Department of Defense should be similarly under those general regulations." (See p. 21, House hearings on H. R. 5350, 82d Cong., March 10, 1952.)

Even if the funds referred to in section 204 (b) of the Property Act were to be construed as including the stock funds created pursuant to section 405 of the National Security Act Amendments of 1949, and this is not the case, as explained under part I of this opinion, the proviso in section 202 (a) for reimburse-

ment to funds covered by section 204 (b) is not mandatory. The proviso says that reimbursement shall be required whenever net proceeds are "requested pursuant to section 204 (b)." The use of the term "requested" in this context was deliberate. GSA in its letters to the Speaker of the House and the President of the Senate dated August 29, 1951, explained this proviso (House hearings on H. R. 5350, 82d Cong., March 10, 1952, p. 39) as follows: "It is provided that payment will be required where an agency having a revolving or other reimbursable fund desires to keep it intact * * *."

It is thus clear, even assuming that section 204 (b) were to be construed as including Department of Defense management-type stock funds, that the authority to request proceeds is discretionary and, accordingly, should not be exercised so as to defeat the purpose of the Congress in amending section 202 (a).

In a Comptroller General's decision of February 3, 1955 (B-121695) it was specifically held that the extent of reimbursement on the transfer of property capitalized in the Corps of Engineers civil-works functions revolving fund established pursuant to Public Law 153, 83d Congress, a reimbursable fund under that law, was subject to the regulations of the Administrator of General Services issued under section 202 (a) of the Property Act. The decision details the accounting procedure to be followed on transfers without reimbursement.

Based upon the foregoing considerations it is our opinion that the action of the Department of Defense in declining to effect transfers of excess property carried in stock funds, in accordance with GSA regulations prescribed under section 202 (a) of the Property Act, is unauthorized and contrary to law.

PAUL BARRON, *Chief Counsel.*

Concurred in:

CHARLES W. GASQUE, Jr.,
Assistant General Counsel.

Approved:

MAXWELL H. ELLIOTT, *General Counsel.*

APPENDIX III

The following communications, containing the views of various individuals and organizations with regard to H. R. 3322, were ordered by the subcommittee to be inserted in the record of these hearings at this point:

ANNAPOLIS, Md., *February 22, 1955.*

Hon. JOHN W. McCORMACK,
House of Representatives, Washington, D. C.:

State of Maryland vitally interested in your bill H. R. 3322 which improves surplus property procedure and opens up opportunity for acquisition of valuable items now denied to the schools and colleges from Department of Defense stocks fund excess. Many of our institutions, especially the private and parochial ones, operate on limited budgets and are confronted with constantly expanding enrollments. Appreciate the interest you and other Congressmen are taking in trying to help the educational institutions which need this aid so badly.

THEO. R. McKELDIN,
Governor of Maryland.

SALEM, OREG., *March 2, 1955.*

Hon. JOHN McCORMACK,
*House Government Operations Committee,
United States Congress, Washington, D. C.:*

State of Oregon keenly interested and in favor of H. R. 3322 to give States opportunity to purchase surplus property.

PAUL PATTERSON,
Governor of Oregon.

COUNCIL OF THE CITY OF KENOSHA, KENOSHA, WIS.

RESOLUTION NO. 5504—INTRODUCED BY MR. HAMMOND

Whereas H. R. 3322 and its companion bill S. 1004, now pending before the respective Government Operations Committees of the Congress, will clarify the intent of Congress and assure that so-called surplus property will be made available for educational and public-health purposes to the benefit of large numbers of our people: Now, therefore, be it

Resolved by the Council of the City of Kenosha, That it urges favorable action on bills H. R. 3322 and S. 1004;

Resolved further, That a copy of this resolution be forwarded to the chairmen of the respective Government Operations Committees of the Congress and to such legislative representatives of Wisconsin who are members of these committees.

Dated this 7th day of March 1955.

R. MERRILL RHEY,
President of Council.

Attest:

J. R. SAWICKI,
Clerk of Council.

DIVISION OF MOTOR VEHICLES,
Trenton, N. J., February 11, 1955.

Hon. FRANK W. THOMPSON,
House Office Building, Washington, D. C.

DEAR FRANK: A letter was sent on August 24, 1954, to the Senators and some Congressmen from the State of New Jersey. The contents of that letter follow:

"At a meeting held at Princeton, N. J., on Friday, July 16, 1954, representatives of public and private tax-exempt health and educational institutions of New Jersey voted unanimously that the subscriber as secretary of the conference should request of you your assistance in keeping effective legislation (Public law (152) to continue the donation program of surplus goods to health and educational institutions. For this purpose, your assistance is also requested in preventing the destruction or weakening of this program by existing or requested legislation on the part of governmental departments or agencies, particularly the Department of Defense.

"It is strongly urged that sales of surplus goods, while apparently producing revenue for a governmental department, will, on examination, be found to have produced profit, sometimes unreasonable, only for a few while a greater return by far could be had by the donation program to institutions.

"Surplus goods were originally paid for by the taxpayers who must support the institutions who are the beneficiaries of the donation program. Separate from the tremendous value of the goods to institutional uses, their donation preserves their value and recovers 100 percent of their value.

"A summary of the conclusions of the conference and a list of the representatives of institutions is enclosed for your information.

"Your requested attention and assistance will be deeply appreciated. The importance of the matters involved and of the request made of you will be obvious."

"FREDERICK J. GASSERT,
"Secretary of the Conference."

"Summary of the conference of representatives of health and educational institutions, public and private tax-exempt, held at the School of Engineering, Princeton University, Princeton, N. J., on Friday, July 16, 1954. By unanimous vote, those in attendance reached the following conclusions:

"1. It will best serve the interests of the Federal Government and the taxpayers to donate, rather than sell, Government excess or surplus property at a general recovery of less than 10-percent on the dollar of original acquisition cost, thereby creating windfall profits to dealers in Government surpluses.

"2. That the donation program continue to health and educational institutions as stipulated in Public Law 152, and to further benefit the Federal Government, permit State and local governments and welfare organizations to purchase on a direct-sales basis before offering property for sale to the general public.

"3. That the program is of benefit and as a supplement to tight and limited health and educational institutional budgets has resulted in considerable savings to the taxpayers of the State of New Jersey.

"4. That the United States Congress clarify or amend the discrepancy now existing between Public Law 152 and Public Law 216. That they give consideration to and reevaluate the mandatory provisions for sale by the Veterans' Administration, under Public Law 149 (H. R. 5690), of all property depriving hospitals of the donation of useful materials and equipment.

"5. That the Boy Scouts, Girl Scouts, and such other organizations shall not have the advantage of a higher priority than that held by health and educational institutions, and should be subject to the same restrictions, need and utilization, and accountability, as are schools and hospitals.

"6. That Mr. Gassert's motion to write letters to the United States Congressional Representatives and Senators relaying the wishes of the conference representatives was seconded and he was voted as secretary of the conference to write their United States Congressional Representatives and Senators regarding

"7. It was also agreed that the representatives in attendance, as individuals, write their United States Congressional Representative and Senators regarding the above facts and to suggest like action to members of their governmental boards or trustees of their respective institutions.

"Attached is a list of those in attendance."

Name	Title	Organization
Joseph W. Howe	Superintendent	Burlington City Public Schools.
L. A. Carver	Director	School of Industrial Arts, Trenton.
Harry E. Besley	Professor	College of Agriculture, Rutgers University.
Floyd G. Heck	Secretary	Ashbury Park Board of Education.
John S. Quinby	Business manager	State Teachers College, Trenton.
C. W. Parlinment	Superintendent	Phillipsburg Public Schools.
C. M. Jochem	do	New Jersey School for the Deaf.
A. H. Erholm	Business manager	North Jersey Training School.
Leon W. Schoen	Engineer	The State University of New Jersey.
James D. O'Toole	Building and Grounds Division.	Do.
J. R. Clovis	Administrative assistant	Newark College of Engineering.
C. A. Haas	Assistant director	Middlesex County Vocational Schools.
A. D. Piscane	Assistant business manager.	New Jersey Neuropsychiatric Institution.
E. C. Easton	Dean	College of Engineering, Rutgers University.
J. D. Stett	Professor	Do.
David F. Brightbill	Superintendent	Gloucester City Public Schools.
John T. Neal, Jr.	Business manager	New Jersey State Hospital, Greystone Park.
Dr. Archie Crandell	Superintendent	Do.
Allan Morehead	Representative	State Teachers College, Monclair.
Harold A. Weideli	Director	Bergen County Vocational School.
Thomas McCarthy	Business manager	New Jersey State Hospital, Ancora.
Donald B. Rice	do	New Jersey State Hospital, Trenton.
Katherine M. O'Connor	Representative	Paterson Board of Education.
Thomas Kelly	Secretary	Do.
Henry D. Bourhill	Director	Paterson Vocational Technical High School.
Joseph Hansman	Representative	Paterson Board of Education.
Harry Berkie	do	Bergen Pines Hospital, Bergen County.
Robert W. Holters	do	Perth Amboy General Hospital.
Joseph H. Schotland	Assistant superintendent	Newark Board of Education.
John W. Weleh	Comptroller	Seton Hall University.
Fred Gassert	Representative	Newark Archdiocese.
Alfred Bornemann	Professor	Stevens Institute of Technology.
Ed. Morrison	Representative	St. Peter's Hospital, New Brunswick.
W. B. Foulk	Director, Purchase	Princeton University.
Howard Menand, Jr.	Assistant dean	School of Engineering, Princeton University.
Leslie T. Fagan	Business manager	The Lawrenceville School.
Robert W. Voorhees	Assistant business manager.	Do.
Thomas B. Keener	Business manager	The Training School, Vinland.
Louis R. Rahm	Director	Plastic Laboratory, Princeton University.
R. M. Work	Assistant professor	Do.
W. K. Russell	Treasurer	Admiral Farragut Academy.
Charles E. Stewart	Administrator	Mercer Hospital, Trenton.
Nelson O. Lindley	do	Somerset Hospital, Somerville.
Sgt. E. T. Stedtler	Representative	New Jersey State Police Academy.
Harry E. Kuhn	do	Vinland State School.
Dr. Lloyd Yepson	Superintendent	State Colony, New Lisbon.
George Goodman	do	State Reformatory, Annandale.
Frederick A. Fitch	do	State Home for Boys, Jamesburg.
Winston L. Bennett	Business manager	Do.
George H. Lucas	President	Bordentown Military Institute.

These are the people to whom this letter was transmitted:

United States Senators from New Jersey:

Hon. H. Alexander Smith

Hon. Robert C. Hendrickson

Members of the House of Representatives from New Jersey:

Hon. Charles A. Wolverton

Hon. T. Millet Hand

Hon. James C. Auchincloss

Hon. Charles R. Howell

Hon. Peter H. B. Frelinghuysen, Jr.

Hon. Harrison A. Williams, Jr.

Hon. William B. Widnall

Hon. Gordon Canfield
 Hon. Frank C. Osmer
 Hon. Peter W. Rodino, Jr.
 Hon. Hugh J. Addonizio
 Hon. Robert Winthrop Kean
 Hon. Alfred D. Sieminski
 Hon. Edward J. Hart

As you may or may not know a special subcommittee of the Committee on Government Operations to handle the donation program has recently been set up and is headed by Mr. John W. McCormack, who has recently called to my attention the fact that there are 2 bills before the House of Representatives identified as H. R. 3322 and Senate bill S. 1904. Inasmuch as these bills are concerned with the difficulties that institutions have been having for the past few years in obtaining available surplus property and are so directed as to alleviate many of these difficulties, your support for these bills is earnestly solicited.

Thanking you for your continued support and immediate attention, I am,
 Sincerely yours,

LLOYD A. CARVER,
*Director, School of Industrial Arts,
 Trenton Junior College and School of Industrial Arts.*

STATE OF NORTH CAROLINA,
 DIVISION OF PURCHASE AND CONTRACT,
Raleigh.

The Department of Health, Education, and Welfare's 1954 report of surplus property acquisitions and transfers to health and education from 1946 through June 30, 1954, ranks North Carolina as follows:

Personal property \$23,107,350 or the rank of seventh in the Nation. In real property \$15,928,390 or the rank of 13th, making total benefits to our State of \$139 million and ranking North Carolina as 12th in the Nation.

This backward look is gratifying but the present and future prospect is bleak and discouraging unless favorable consideration is given to legislation introduced in Congress on Monday of this week, January 31, as H. R. 3322. It reads as follows: "A bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes."

This bill gets immediately to the heart of the problem in North Carolina and for all other States administering the Federal surplus property utilization program. Under the caption of "Growing Crisis in Education" Congressman McCormack of Massachusetts pointed up some of the salient features on which you will wish further informational background on the recent unsatisfactory administration of the Federal surplus property utilization program. The following quotes are from Congressman McCormack's speech introducing the bill, which was referred to the House Committee on Governmental Operations.

"As the situation worsens daily, I find that a great source of help is being denied to school and health institutions of the Nation as the result of faulty administration and the lack of coordination between responsible executive agencies.

"Most of the property has come from the military services which use so much of the tax base of the Nation and State that local needs cannot be met. War and other emergencies place great though necessary burdens on our citizens. I find, however, that a regulation issued by Comptroller McNeil of the Department of Defense on February 1, 1954, has had the effect of abrogating the carefully considered and expressed intent of Congress with respect to the school and health surplus property program.

"The regulation causes much of otherwise donable property to be capitalized into stock-fund arrangements. Such property though surplus to needs of holding agencies cannot be donated under the regulation but must be sold. May I add that Government agencies do not own property—they are merely custodians for the people of the United States.

"Huge auction and bid sales have been and are being held throughout the land with the average gross return amounting to 6 and 7 percent of cost. Some returns are considered substantial. That is, they bring 40 to 50 percent on the dollar.

"Taxpayers, who know of the growing crisis in education and health, have complained by the hundreds to the Department of Health, Education, and Welfare, the Department of Defense, the Budget Bureau, and the White House. There has been no corrective action in a year though studies continue to be made day by day.

"In the meantime, I am today introducing a bill which I consider necessary to correct the donable surplus property program where a regulation issued by an executive department has set aside the will of Congress which alone under the Constitution has the authority to make all needful rules and regulations concerning the Nation's property. Mr. Speaker, I urge that this bill be referred to the proper committee for speedy action."

The sales referred to above have been and are being conducted under the provisions of the Department of Defense Stock Fund Directive 7420.1, which as implied in portions of the speech quoted have had the effect of abrogating the carefully considered and expressed intent of Congress with respect to the school and health surplus property program.

Under the referenced Department of Defense directive, billions of dollars' worth of the better types and condition of surplus previously available to health and education have been sold to speculators. Thus potential benefits are denied to the youth of our country. One of these sales was advertised in the Washington Post and Herald through a syndicated article captioned "Uncle Sam's General Store: 4 Million Bargains." Advertisement of this \$8 billion sale of Quartermaster and Engineer Corps Army personal property appeared in many Sunday magazine supplements of big city papers, most of the supplements being known as the Parade. From one of North Carolina's Congressmen we received a 26-page booklet on How To Buy Surplus Personal Property From the United States Army, United States Navy, United States Air Force, and United States Marine Corps. Types of material included long lists of equipment which when released in these gigantic sale quantities provided serious competition with small business concerns whereas if distributed through health and educational institutions it would provide no appreciable impacts on them. A sample of one of the worst blows to education and health units was this sale's disposals of typewriters to speculators at \$4.50 each, all 450 of which were sadly needed not only in classes but also in offices of schools, hospitals, and health departments.

Before the stock fund's inroads on our program, the North Carolina agency was able to set up scores of typing classes in schools never previously able to offer typing training to students. Daily requests must now almost without exception be denied schools or health units. As one State agency sadly commented: "The value of these typewriters to schools cannot be estimated in money since the schools do not have sufficient of either."

Similar situations have developed in the past few months in the agency's efforts to obtain pickups and larger truck, jeeps, and automobiles needed by health and educational units in their daily operations. The same statement applies with equal force to cafeteria and kitchen equipment, hand and machine tools, furniture, and other items most needed by health and education.

Another \$8 billion sale was conducted at Columbus General Depot in October of 1954. Approximately 10 percent of this sale included property to be disposed of under Public Law 152 to health and education and 15 percent to speculators under the Department of Defense Directive.

Improvement in the administration of the surplus property utilization program involves not only determination and delineation of the intent of Congress as to the rights, privileges, and interdepartmental supervision and control but also a more consistent and understandable channeling and transfer of surplus equipment and supplies. In the absence of a copy of the bill spelling out such provisions, those responsible for the program's operation and administration at the State level need clear cut regulations consistently followed through as to allocations made, and under what circumstances deletions and withdrawals are legitimate. At present it is impossible to determine the quantities we may expect from applications approved by the Department of Health, Education and Welfare. This is true to a greater or less extent even after GSA approves the freeze of property for health and educational institutions. Naturally this affects the total operation and administrative costs of the agency in planning transportation from holding agencies, the meeting of needs by schools, colleges, hospitals, and health departments, personnel employment and management and other factors involving State budgets and Federal accountability requirements. The applying for, that is paper work in from 5 to 15 copies, identifying, tagging, and accounting for each piece of property requires the full time of at

least one-third of our agency's personnel. Improvements to be suggested in the revised or new bill could be responsible not only for greatly reducing time required and operating frustrations but also for cutting expenses in both State and Federal handling of surplus property for health and educational institutions.

Agencies throughout the entire country are raising questions as to when they will reach the bottom of the barrel in their efforts to meet the growing needs and demands of schools and health units. If conditions continue as developed in recent months and as they now stand, some say we shall be in the junk business by July 1. Greatly reduced quantities of good property are now being offered. Moreover, the FUD lists on which we are forced more and more to depend are in such small quantities and so widely scattered as to make pickups by truck uneconomical. Even on these FUD lists the more desirable items are marked "Reimbursable" or "Stock Fund".

Remedying the present law to effect rescission of the so-called stock fund directive and otherwise reassure eligible health and educational institutions that better types of property will again be available will tremendously encourage vocational education, especially in rural areas where funds for equipment are hard to obtain for construction of shops not to mention the equally important factor of suitable equipment for them.

Another evidence of the statewide utilization of our program was shown by the hundreds of North Carolina institutions that unsuccessfully appealed to the President by letter to revoke the Defense Department directive and make the better property available to health and education, instead of as at present to the professional speculators. Surely our cherished philosophy of government dedicated to the greatest good for the greatest number at a minimum expense to government is being sadly ignored in the administration of laws and directives currently controlling the disposal of Federal Surplus Property.

Participation in the property utilization program is statewide, over 90 percent of all counties having already picked up property from our warehouses since July 1 of last year.

SHAW UNIVERSITY,
OFFICE OF THE PRESIDENT,
Raleigh, N. C.

Hon WILLIAM L. DAWSON,
House of Representatives,
Washington, D. C.

DEAR SIR: The fact that Army surplus goods have been available to schools and hospitals at negligible costs to them has been of great benefit to Shaw University. Through this program we have been able to secure considerable equipment which was essential to our educational program and which we would have been unable to purchase at the regular market price.

We applaud the excellent work which you are doing as chairman of the House Government Operations Committee in bringing to light not only the vast amount of surplus goods which the Government has on hand, but also the glaring inefficiency with which the program of disposal of these goods has been executed.

In order that surplus may be made available to our institutions according to the original intent of Congress, Shaw University strongly urges you to exert your influence to the end that H. R. 3322 as an amendment to the Federal Property and Administrative Services Act of 1949 may be passed by Congress.

Sincerely yours,

WILLIAM R. STRASSNER, *President.*

STATE OF OHIO,
OFFICE OF THE GOVERNOR,
Columbus, March 7, 1955.

Hon. JOHN W. McCORMACK,
Chairman, Special Subcommittee on Donable Property,
House Committee on Government Operations,
Capitol Building, Washington, D. C.

DEAR CONGRESSMAN McCORMACK: This acknowledges receipt of your telegram of February 10, 1955, in which you asked me to express my views on H. R. 3322. I heartily endorse this bill.

Making available to local schools and hospitals usable Federal surplus property, instead of selling it to scavengers for practically nothing, should be continued because of the great good it does for the general public.

In Ohio we believe in the integrity of both Federal and State Governments. You may rest assured that the Department of Education will administer and operate the program in such a manner as to provide for the proper use and disposal of surplus property. In order to accomplish these objectives S. B. No. 291 was introduced in the Ohio General Assembly on February 14, 1955. Under this bill responsibility and authority is centralized in a State board of education. The board will be responsible for the proper use and disposal of surplus property.

It is my belief, in considering future legislation dealing with the disposal of surplus property to education and health, Congress should make certain that Federal responsibilities remain with one agency and that all transfers or distributions of property be made through one State agency.

Sincerely yours,

FRANK J. LAUSCHE.

STATE OF GEORGIA,
DEPARTMENT OF PUBLIC HEALTH,
Atlanta, January 17, 1955.

Re: Federal Surplus Property Program

Congressman HENDERSON LANHAM,
House Office Building, Washington 25, D. C.

DEAR CONGRESSMAN LANHAM: We have been informed that some individuals and organizations have from time to time critized or questioned the benefits of the Federal surplus property program to educational institutions and hospitals in Georgia.

As you know the program in Georgia is administered by the State department of education through its surplus property warehouse at Atlanta, Ga. The program is under direction of Mr. A. W. Blackburn. The Georgia Department of Public Health through its division of hospital services cooperates with the surplus property agency by assisting in determining the eligibility of hospitals to participate in the program and in advising hospitals of the activities and benefits of the program.

Attached is a list of hospitals and county public health departments that received benefits of the program during 1954. Our records show the following transactions:

1. Total hospitals participating-----	37
2. Total visits by hospitals-----	205
3. Total cost to hospitals-----	\$16,844.82
4. Total public health centers-----	10
5. Total visits by public health centers-----	14
6. Total cost to public health centers-----	\$679.08

Every effort is made to keep the cost to hospitals at less than 10 percent of the new equipment cost. A conservative estimate as to the value of the above sales would amount to more than \$200,000.

Equipment and supplies received by hospitals included: X-ray machines; kitchen equipment and utensils; housekeeping supplies; office machines and supplies; automobiles; dental equipment; and smaller items of supplies used in all departments of the hospital and in public health work.

We feel that the program has been of great benefit to the hospitals in Georgia. Favorable comments have been received from those receiving equipment and supplies. Many institutions make regular visits to the surplus property warehouse and take full advantage of the opportunity for savings in purchasing which in turn may benefit the patients through lower hospitalization cost. It has come to our attention that under a Department of Defense directive much valuable property is now going to used-equipment or junk dealers, who are retailing such equipment at a handsome profit. This procedure does not appear to be in the best interest of public service.

The above information may be of value to you should legislation be presented concerning this program.

Sincerely,

R. C. WILLIAMS, M. D.,
Director, Division of Hospital Services.

Georgia hospitals receiving Federal surplus properties during 1954

Hospital	City	Number of visits (sales)	Total cost to hospital
Batley State Hospital	Rome	13	\$590.43
Wildwood Sanitarium	Wildwood	5	308.91
Upson County Hospital	Thomaston	4	113.70
Americus-Sumter County Hospital	Americus	5	136.56
Kennestone Hospital	Marietta	31	1,090.89
Floyd County Hospital	Rome	7	407.42
Georgia Baptist Hospital	Atlanta	1	20.00
Candler County Hospital	Metter	7	527.40
Newnan Hospital	Newnan	1	150.00
Toccoa Clinic and Hospital	Toccoa	4	87.78
Crawford Long Memorial Hospital	Atlanta	38	2,661.48
Milledgeville State Hospital	Milledgeville	18	6,900.67
Phoebe Putney Memorial Hospital	Albany	4	213.73
Laurens County Hospital	Dublin	2	61.69
Rockmart-Aragon Hospital	Rockmart	1	10.65
St. Francis Hospital	Augusta	5	468.84
Polk General Hospital	Cedartown	4	255.05
Tri-County Hospital	Fort Oglethorpe	18	1,581.53
Columbus City Hospital	Columbus	9	352.37
Walton County Hospital	Monroe	3	180.27
Washington General Hospital	Washington	2	89.02
Brunswick City Hospital	Brunswick	1	20.00
Hall County Hospital	Gainesville	1	10.60
Turner County Hospital	Ashburn		20.90
Battery State Hospital	Rome	13	599.43
Wildwood Sanitarium	Wildwood	5	308.91
Upson County Hospital	Thomaston	4	113.70
Americus-Sumter County Hospital	Americus	5	136.56
Kennestone Hospital	Marietta	31	1,090.89
Floyd County Hospital	Rome	7	407.42
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Polk General Hospital	Cedartown	4	255.05
Tri-County Hospital	Fort Oglethorpe	18	1,581.53
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Washington General Hospital	Washington	2	89.02
Brunswick City Hospital	Brunswick	1	20.00
Hall County Hospital	Gainesville	1	10.60
Turner County Hospital	Ashburn		20.90

STATE OF OHIO,
DEPARTMENT OF EDUCATION,
Columbus, February 23, 1955.

HON JOHN W. McCORMACK,
Chairman, Special Subcommittee on Donable Property,
House Committee on Government Operations,
Washington, D. C.

DEAR CONGRESSMAN McCORMACK: Enclosed you will find a letter from Ohio State University pertaining to the unusual uses to which the university has put several pieces of Federal surplus personal property.

We hope this can be included in the printed hearing on H. R. 3322.

Very truly yours,

WALTER G. RHOTEN, *Director.*

THE OHIO STATE UNIVERSITY,
Columbus, February 10, 1955.

Mr. WALTER RHOTEN,
State Department of Education,
Division of Property Utilization, Columbus, Ohio.

DEAR MR. RHOTEN: It may interest you to know some of the unusual uses to which we have put special pieces of surplus property:

1. A crankshaft induction hardening unit has been rebuilt and is now in use melting alloys for research work in metallurgy.

2. Hydraulic cylinders are being used several places to operate special presses.

3. A Cub J-3 airplane has been changed from a trainer to do research in aerial crop dusting and spraying.

4. A four-wheeled trailer has been changed so as to haul a bulldozer or ditching machine.

5. A CFR gasoline engine is being used in the study of combustion rather than to rate fuels for antiknock.

6. A diesel engine plant now furnishes power to operate a supersonic wind tunnel rather than supply current to operate Coast Guard artillery guns.

7. Torpedo charging compressors are used to supply high pressure air for wind tunnel operation.

Many other pieces of property have been modified for special uses in the undergraduate laboratories and on research projects sponsored by the Air Force and other departments of defense. Due to the availability of this equipment the costs of carrying on these projects have been greatly reduced. It is our hope that it will be possible for you to continue to serve the schools with excess property.

Very truly yours,

C. P. ROBERTS.

PROVIDENCE COLLEGE,
Providence 8, R. I., February 26, 1955.

HON. JOHN W. McCORMACK,
Majority Leader, United States Capitol,
Washington, D. C.

MY DEAR CONGRESSMAN McCORMACK: Upon my return from the Near East, where I have been for the past several weeks, I have learned that on January 31 you introduced House bill 3322 amending the Federal Property and Administrative Services Act. As president of Providence College, I want to tell you how happy I am that you have given this problem your immediate and personal consideration.

It is my recollection that you were in the vanguard of those seeking to aid educational institutions through the original Federal Property and Administrative Services Act, and our institution was helped greatly by the original act. It has seemed to me that it was the intent of Congress to help tax-free health and educational institutions. However, during the past few years something has happened and institutions have been hindered in obtaining surplus property by reason of the Government sale of a large amount of equipment. I am confident that House bill 3322 will correct the abuses that have crept in during the last 2 years.

I wish to go on record as congratulating you for introducing this bill, which will clarify the intent of Congress relative to health and educational institutions.

In closing, my dear Congressman McCormack, I wish to assure you that you have performed an outstanding service for education in the United States.

With every good wish to you for the success of this bill, I am

Sincerely yours,

ROBERT J. SLAVIN, O. P.,
President.

THE STATE OF WISCONSIN,
DEPARTMENT OF PUBLIC INSTRUCTION,
Madison, February 23, 1955.

MR. LESTER JOHNSON,
Congress of the United States,
House of Representatives, Washington, D. C.

DEAR MR. JOHNSON: May I express my very sincere thanks for your letter of February 16 and the pertinent enclosures.

It is most encouraging to me to see the tremendous progress that has been made on this issue since the date of my first letter to you. I am sure, too, that it must be heartwarming to people, the Nation over, to know that their local interests and welfare are of such great concern to their Congress.

I believe that this legislation will touch upon the welfare of the great majority of our people.

I would expect it to do the following:

1. To provide better educational facilities and an expanded school program for our youth.
2. To lessen the burden of local taxation.
3. To expand and improve health facilities.
4. To provide equipment in our schools and hospitals which will enable them to function as first-line civil defense emergency centers in the event of national crisis or disaster.

I will appreciate it if you will keep me informed on the progress of this legislation and I, in turn, will be glad to supply you with any additional data, which you may desire, concerning this operation in Wisconsin.

Sincerely,

PALMER O. JOHNSON,
Supervisor, Surplus Property.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 16, 1955.

Mr. PALMER O. JOHNSON,
Supervisor, Surplus Property,
Department of Public Instruction,
Madison 2, Wis.

DEAR PALMER: Since receiving your first letter of October 13, my office has been working on the matter of the effect of Department of Defense Directive No. 7420.1 on the surplus donation program under Public Law 152.

Of course, as you realize, the effects of the Army ruling have been felt by schools and welfare agencies all over the country and many other Congressmen have become interested in the matter. Congressman John McCormack, Democratic majority leader, introduced H. R. 3322 on January 31 to settle this problem once and for all, and to compel the Department of Defense to comply with the intent of Public Law 152.

Hearings were held on the bill yesterday by the Government Operations Committee, and I attended the afternoon session. I testified in favor of the bill and put both of your letters in the committee records. Your letters to me were very well received by the committee and they felt you had made a very thorough analysis of the situation. I also put into the records of the committee the names and addresses of the 13 school superintendents in the Ninth District who wrote to me on the matter.

From the way the hearings went and from conversations I had with other interested Congressmen, I feel that H. R. 3322 will be reported out very shortly. It was brought out at the hearings that some minor amendments should be adopted to prevent further complications in the program. I am sending you, under separate cover, a copy of the Congressional Record for February 10 and call your attention to the remarks of Congressman John McCormack on page 1214. In the Senate, Senator McClellan and 21 cosponsors are backing an identical measure. I imagine you have already contacted Senator Wiley and Senator McCarthy on the matter. Since Senator McCarthy is a member of the Senate Government Operations Committee, he could be very helpful on the Senate bill, 1004.

You may be sure that I will support H. R. 3322 and do all I can to secure its passage. I will also keep you informed on any further developments in the matter.

Sincerely yours,

LESTER JOHNSON.

MARCH 1, 1955.

Congressman JOHN MCCORMACK,
House of Representatives, Washington, D. C.

SIR: In connection with my testimony before your Committee on Donable Surplus Property, I wish to enclose bid 44-073-55-9 of the Richmond Quartermaster Depot which was opened some 6 or 8 weeks ago.

The kitchen ranges I referred to in the committee hearings were those listed as item 94. They were all brand new, cost \$411.76 each, and were sold for \$31.59 each, all as one lot.

The catalog I was showing at the hearings was of a later sale in which the ranges were not sold as a lot.

I must say that as soon as the disposal people saw how little the ranges brought as a lot, the next sale they allowed persons to bid on any amount of them. My point is that this idea of selling as all one lot was what the Surplus Property Institute was trying to get across to the assembled surplus property administrators not only at Norfolk but even after Congressman Gary's letter of objection to this allowing only these people to address the seminar, the identical group appeared before the next regional meeting in Jacksonville, Fla., in the last 2 weeks.

I object violently to the Department of Defense allowing such people and only such people to address these meetings. I could tell them plenty that is wrong, but not having a bunch of high-priced lawyers, public-relations people, and an adequate bankroll, I doubt if I am a General Motors type man and not the kind to be heard. What's good for the Surplus Property Institute is not necessarily good for the country.

JAMES B. BLACKFORD.

CITY OF MILWAUKEE,
CENTRAL BOARD AND DEPARTMENT OF PURCHASES,
Milwaukee, Wis., March 14, 1955.

HON. WILLIAM L. DAWSON,
*House of Representatives,
House Office Building, Washington, D. C.*

DEAR SIR: I respectfully urge that you support H. R. 3322, which would amend the Federal Property Administrative Services Act of 1949, making it clear beyond any doubt that the Congress intends to donate usable surplus property to be used for educational and public-health purposes.

As you know, the great majority of this material is now being sold at auction for a pittance, and when the cost of such auctions is deducted from the returns for the merchandise the Federal Government receives practically nothing. Public schools and hospitals can make use of a large quantity of this material if it is made available to them without charge, and considering the fact that it was paid for with taxes, it should revert to the States and local units of government for the use of those public institutions which are in dire need of such assistance.

Your support of this bill is deeply appreciated.

Sincerely yours,

JOS. W. NICHOLSON,
City Purchasing Agent.

BOARD OF CHOSEN FREEHOLDERS,
COUNTY OF ESSEX, PURCHASING DEPARTMENT,
Newark 2 N. J., March 15, 1955.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House Office Building,
Washington, D. C.*

MY DEAR CONGRESSMAN: The Essex County Board of Freeholders, the governing body of the county of Essex, has instructed me to advise you—and through you, the members of your committee—of its interest in the passage of H. R. 3322.

To the citizens, who paid for it, should go the first choice of accepting or rejecting any surplus of Government property. I am sure that both you and your committee will agree to the fairness of this statement.

May we count on your active support of this measure?

Very truly yours,

WILLIAM H. BUTLER, 3d,
Purchasing Agent.

DEPARTMENT OF FINANCE,
DIVISION OF PURCHASES AND INSURANCE,
Hartford 4, Conn., March 9, 1955.

Re House Bill H. R. 3322 on Donable Surplus Property

Representative WILLIAM L. DAWSON,
*Chairman of the House Committee on Government Operations,
House Office Building,
Washington, D. C.*

HONORABLE SM: The National Institute of Governmental Purchasing is dedicated to improve governmental buying of which the city of Hartford is a member, has advised me through their letter No. 146 of March 4, 1955, of the subject impending bill.

Since NIGP is dedicated to the proposition of "securing more for the tax dollar" we, as a national organization are behind your efforts in securing passage of this bill. The writer is personally 100 percent in sympathy with the statements made before the committee and the House of Representatives justifying this additional law which is being submitted to clarify Public Law 216 of the 81st Congress with particular attention to sections 203 and 405.

This same letter is being sent to Anthony Sadlak, Representative at Large for the State of Connecticut and Thomas Dodd, Representative of the First Congressional District.

Very truly yours,

N. B. HENSON,
Purchasing Agent.

SOUTHERN GARMENT MANUFACTURERS ASSOCIATION, INC.,
Nashville, Tenn., March 14, 1955.

Re: H. R. 3322

CLERK,
*House Government Operations Subcommittee,
Washington, D. C.*

DEAR MR. CLERK: It would be appreciated, sir, if you would file with the record made regarding the captioned bill, this letter, in support of H. R. 3322.

The industry represented by this association is constantly harassed with the dumping of shirts, pants, jackets and other items of wearing apparel declared surplus by the several hundred Army, Navy, and Air Force bureaus, depots and other installations and thrown on the market at prices only a small part of the price that must be realized in the sale of the same type of goods produced by this industry. This is a constant threat to not only the industry itself but to the employees in our plants and it is heartening that your committee is considering this legislation.

The kind of long-range program we believe this legislation creates would be of great assistance in stabilizing our economy and specifically the employment in our industry.

Sincerely yours,

W. GORDON MCKELVEY,
Executive Vice President and General Counsel.

APPENDIX IV

The following list of individuals and organizations from whom communications were received in support of H. R. 3322, in addition to the communications printed in full in these hearings, was ordered by the subcommittee to be inserted in the record of these hearings at this point:

ALABAMA

State agency for surplus property, A. C. Walker, P. O. drawer 30, Attalla, Ala.

ARKANSAS

Alma Consolidated School, Earl Coats, superintendent, Alma, Ark.
 Arkansas Boys Industrial School, Felix W. Ryals, superintendent, Pine Bluff, Ark.
 Arkansas State College, L. Cameron, business manager, State College, Ark.
 Arkansas Tuberculosis Sanatorium, T. H. Lipscomb, acting superintendent, State Sanatorium, Ark.
 Aubrey Public Schools, Doyle Garrett, superintendent, Aubrey, Ark.
 Bald Knob Public Schools, H. L. Lubker, superintendent, Bald Knob, Ark.
 Corning Public Schools, M. D. Forrest, superintendent, Corning, Ark.
 County Line School, Alvin F. Vest, superintendent, Branch, Ark.
 Dermott Public Schools, W. C. Palmer, superintendent, Dermott, Ark.
 Gravette Public School, Glenn A. Duffy, superintendent, Gravette, Ark.
 Mountain Home Public Schools, Harold L. Overbey, superintendent, Mountain Home, Ark.
 State Hospital, K. W. Newman, director of administration, Little Rock, Ark.
 Valley Springs Public Schools, J. D. Barnett, Jr., superintendent, Valley Springs, Ark.

CALIFORNIA

Board of Supervisors, County of Sacramento, James R. Garlick, chairman, Sacramento, Calif.
 California School for Deaf, Dr. Richard G. Briss, superintendent, Riverside, Calif.
 Christian Brothers School, Brother Xavier, principal, Sacramento, Calif.
 Corona Unified School, George M. Kibby, superintendent, Corona, Calif.
 Colusa Union High School, George H. Pence, principal, Colusa, Calif.
 District Superintendent of Schools, Eli R. Steed, Barstow, Calif.
 Daggett School District, Philip A. Capen, principal, Daggett, Calif.
 Durham Unified School District, Louis Edward, P. O. Box 140, Durham, Calif.
 Elder Creek School District, Charles P. Watters, principal, Sacramento 20, Calif.
 Edison School District, Tom B. Liudquist, district superintendent, Bakersfield, Calif.
 Elk Grove Union High School, Glen M. Beeman, district superintendent, Elk Grove, Calif.
 Florin Elementary School, Isabelle C. Jackson, district superintendent, Box 181, Florin, Calif.
 Grant Union High School, J. Keema, district superintendent, 1400 Grand Avenue, Del Paso Heights, Calif.
 Grossmont Union High School District, Harold G. Hughes, assistant superintendent, Lamesa, Calif.
 Garden Grove Union High School, Leroy L. Doig, superintendent, Garden Grove, Calif.
 Fruitvale Elementary School, Leslie DeHart, district superintendent, Bakersfield, Calif.
 Hinkley Elementary School, Robert H. Rohrer, principal, Barstow, Calif.
 Hamilton Union High School, Donald W. Nifison, superintendent, Hamilton City, Calif.
 Hueneine Elementary School, Ansgar Larsen, district superintendent, Oxnard, Calif.
 Hillside House, Cecil Coopridier, director, Santa Barbara, Calif.
 Lassen Union High and Junior College, L. V. Greenleas, district superintendent, Susanville, Calif.
 Lerdo School, Gerald E. Miller, district superintendent, Bakersfield, Calif.
 Marysville Union High School, Pedro Osuno, district superintendent, Marysville, Calif.
 Montecito School for Girls, Homer F. Barnes, head master, Montecito, Calif.
 Morro Union Elementary School, Wilmar N. Tognazzini, Morro Bay, Calif.
 Maxwell Union High School, John W. Cox, principal, Maxwell, Calif.
 Newbury Park Academy, F. E. Rice, principal, Newbury Park, Calif.
 Nordhoff Union High School, R. H. Drewes, district superintendent, Ojai, Calif.
 Office of the Superintendent of Schools, Wallace R. Muelder, assistant superintendent, P. O. Box 868, Riverside County, Calif.

Oxnard Union High School District, A. C. Jensen, business manager, Oxnard, Calif.
 Perris Union High School, Burdette E. White, superintendent, 144 Davis Road, Perris, Calif.
 Pierce Joint Union High School, A. H. English, principal, Arbuckle, Calif.
 Riverside County Court House, W. E. Jones, chairman branch supervisors, Riverside Calif.
 St. John's Hospital, Oxnard, Calif.
 San Luis Obispo County School, Alvin E. Rhodes, superintendent, San Luis Obispo, Calif.
 Santa Ana City Schools, Lynn H. Crawford, superintendent.
 Santa Barbara City Schools, E. W. Jacobsen, superintendent, 8 Cedar Lane, Santa Paula Union High School, Max L. Forney, Santa Paula, Calif.
 School of Tropical and Preventive Medicine, Bruce Halstead, M. D., department of biotoxicology, Loma Linda, Calif.
 State Educational Agency for Surplus Property, W. A. Farrell, chief, Sacramento 14, Calif.
 Sutter Hospital, F. R. Murphy, administrator, Sacramento, Calif.
 Superintendent of Schools, George H. Flamson, Paso Robles, Calif.
 C. W. VanOsdoll, San Diego, Calif.
 Woodland Public Schools, W. K. Cobb, secretary, Woodland, Calif.
 Yuba City High School, Chester B. Winship, Yuba City, Calif.
 Yermo School District, Arthur W. Howard, district superintendent, Yermo, Calif.
 Fresno City Schools, E. C. Kratt, superintendent; E. A. Dann, assistant superintendent; L. E. Toddhunter, assistant superintendent; and J. C. Trombetta, assistant superintendent, Fresno, Calif.
 Hemet Valley Union School District, J. F. Wiens, district superintendent, 831 East Devonshire, Hemet, Calif.
 Hilmar Unified Schools, E. R. McSweeney, superintendent, Hilmar, Calif.
 Sierra Union High School, L. T. Cook, district superintendent, Auberry, Calif.
 State of California, S. W. Patterson, assistant division chairman, Special Schools and Services, Sacramento 14, Calif.

COLORADO

The Abbey School, Michael Jankowski, Canon City, Colo.
 The Boulder, Colorado, Sanitarium and Hospital, H. G. Eichman, assistant manager, Boulder, Colo.
 Colorado State Children's Home, P. A. Philbin, business manager, 2305 South Washington Street, Denver, Colo.
 Delta County Joint School District No. 50, Dave Baxter, supply and maintenance, Hotchkiss, Colo.
 Eagle County High School, L. W. Green, superintendent, Gypsum, Colo.
 Education and Health Agency for Surplus Property, Mrs. E. Mittin, director, 847 East Colfax Avenue, Denver 18, Colo.
 Gunnison Public Schools, M. C. Nolte, superintendent, Gunnison, Colo.
 Pueblo County Rural School District No. 70, Cecil Mullins, superintendent, Rural Route 1, Box 120, Pueblo, Colo.
 Sheridan Union High School, T. J. Murphy, superintendent, South Federal at West Oxford, Post Office Box 145, Englewood, Colo.
 State Home and Training School, H. E. Hinds, executive assistant, Wheatridge, Colo.
 State of California, H. G. Vest, Commissioner of Education, Denver 2, Colo.
 Weld County General Hospital, Greeley, Colo., H. H. Hill, administrator.

CONNECTICUT

Choate School, Charles Eglise, Jr., business manager, Wallingford, Conn.
 Department of Education, C. T. St. Clair, superintendent, North Haven, Conn.
 Gaylord Farm Sanatorium, Harold Dedrick, business manager, Wallingford, Conn.
 Kent School, Kent, Conn., Walter N. Grynwald, business manager.
 Middlebury Board of Education, M. A. Letts, superintendent, Middlebury, Conn.
 National Association of Civil Defense, William Hesketh, president, Hartford, Conn.

Norwich State Hospital, R. H. Kettle, M. D., superintendent, Norwich, Conn.
 State Department of Education, Agency for Surplus Property, F. P. Bradley,
 director, Hartford, Conn.
 Teachers' College of Connecticut, H. D. Welte, president, New Britain, Conn.
 Hillyer College, A. S. Wilson, president, Hartford 1, Conn.

DELAWARE

Department of Public Instruction, W. Lyle Mowlds, director of surplus property,
 Dover, Del.

FLORIDA

Board of Public Instruction, Floyd Christian, superintendent, Clearwater, Fla.
 Board of Public Instruction, J. B. Walker, county superintendent, Box 271,
 Orlando, Fla.
 Board of Public Instruction, W. M. Thomas, secretary, State Superintendent's
 Association, Palatka, Fla.
 Board of Public Instruction, Wm. J. Woodham, Jr., superintendent, 215 West
 Garden Street, Pensacola, Fla.
 Board of Public Instruction, Amos Godby, superintendent, Tallahassee, Fla.
 Board of Public Instruction, W. J. Darden, superintendent, Titusville, Fla.
 Department of Education, T. D. Bailey, superintendent, Tallahassee, Fla.
 Florida Hospital Association, J. F. Monahan, Jr., executive secretary, 1216 East
 Colonial Drive, Orlando, Fla.
 Florida Industrial School for Boys, A. G. Dozier, superintendent, Marianna, Fla.
 Florida State Hospital, W. D. Rogers, M. D., superintendent, Chattahoochee, Fla.
 Hillsborough County Public Schools, D. G. Erwin, director trade and industrial,
 adult and veteran education, Post Office Box 2250, Tampa 1, Fla.
 Rollins College, Harold Mutispaugh, purchasing agent and assistant business
 manager, Winter Park, Fla.
 Scoutmaster Troop 98, Lennard B. Register, Jasper, Fla.
 Trade and Industrial Education, H. F. Hinton, State supervisor, Tallahassee,
 Fla.
 University of Miami, U. J. Hiss, director of procurement, Coral Gables 46, Fla.

GEORGIA

Board of Education, N. A. Rogers, C. S. S. superintendent of schools, Franklin,
 Ga.
 City of Atlanta, purchasing department, Ernest J. Brewer, purchasing agent.
 Department of Education, M. D. Collins, State superintendent of schools, State
 Office Building, Atlanta 3, Ga.
 Department of Public Health, J. F. Gunter, Chairman, licensure section, division
 of Hospital Services, Atlanta, Ga.
 Rome City Schools, E. A. Crudup, superintendent, Rome, Ga.

ILLINOIS

Alton Senior High School, Irene Liebig, home economics representative I. V. A.,
 legislative committee, 2200 College Avenue, Alton, Ill.
 Centralia Township High School, C. B. Ebbs, president, Centralia, Ill.
 Centralia Township Junior College, L. D. Atkins, head, industrial education
 department, Centralia, Ill.
 East Richland Public Schools, G. V. Petty, head of industrial education depart-
 ment, 1100-1200 East Laurel Street, Olney, Ill.
 Elkhaville Public School, A. L. Smith, principal, Elkhaville, Ill.
 Freeport Senior High School, H. J. Roen, director industrial education, West
 Moseley Street, Freeport, Ill.
 Greenville College, H. V. Brewer, business manager, Greenville, Ill.
 Illinois Vocational Association, H. F. Ely, president, Alton, Ill.
 Lisle Manual Training School for Boys, Joseph Hucek, chairman board of di-
 rectors, Lisle, Ill.
 Lisle Industrial School for Girls, Mrs. E. Bashe, member board of directors,
 Lisle, Ill.
 Marmion Military Academy, Rt. Rev. G. Benkert, president, Aurora, Ill.
 Lisle Manual Training School for Boys and Lisle Industrial School for Girls,
 Lisle, Ill.
 St. Joseph Bohemian Orphanage, Rev. C. W. Novak, O. S. B., Lisle, Ill.

St. Joseph Bohemian Orphanage, Rev. V. Novotny, O. S. B., Lisle, Ill.
 St. Procopius College, Rev. T. J. Havlik, rector, Lisle, Ill.
 State of Illinois, V. L. Nickell, superintendent of public instruction, Springfield, Ill.
 Superintendent of Public Instruction, J. C. Mutch, executive officer State Agency for Surplus Property, 201 Centennial Building, Springfield, Ill.
 Wenger, Kathryn, Everett & Virginia, 8601 St. Claire, Skokie, Ill.
 Woodstock Community High School, Clarence Sparks, Woodstock, Ill.

IOWA

Bettendorf Board of Education, W. B. Eriksen, superintendent of schools, 800 23d Street, Bettendorf, Iowa.
 Board of Education, E. L. Tubbs, superintendent community school district, Dows, Iowa
 Davenport Public Schools, L. C. Goss, director of purchasing and maintenance, 1001 Harrison Street, Davenport, Iowa.
 Independent School District of Battle Creek, M. B. Leavengood, superintendent, Battle Creek, Iowa.
 Iowa Methodist Hospital, R. M. White, purchasing agent, 1200 Pleasant Street, Des Moines 14, Iowa.
 Jesup Consolidated School, Burton North, superintendent, Jesup, Iowa.
 LaPorte City Consolidated Schools, H. D. Matt, superintendent, LaPorte, Iowa.
 Laurens Consolidated Schools, Donald Henderson, superintendent, Laurens, Iowa
 Lu Verne Public Schools, B. E. Martin, superintendent, Lu Verne, Iowa
 Mount Pleasant Independent School District, C. A. Cottrell, superintendent Mount Pleasant, Iowa
 Paton Consolidated School, R. F. Leland, superintendent, Paton, Iowa
 Public Schools, D. L. Lippold, director industrial and adult education, Waterloo, Iowa
 St. Edmond High School, Rev. G. Kelly, superintendent, Fort Dodge, Iowa
 Sibley Independent Schools, W. P. Forney, superintendent, Sibley, Iowa
 State of Iowa, L. H. Seaver, State supervisor, surplus property division, State Office Building, Des Moines 19, Iowa
 Treynor Consolidated Schools, B. E. Mann, superintendent, Treynor, Iowa
 State Agency for Surplus Property, L. H. Seaver, director, (attached to letter dated February 10, 1955), Des Moines, Iowa
 Iowa Methodist Hospital, Mr. R. M. White, purchasing agent, Des Moines, Iowa

KANSAS

Arkansas City Publis Schools, J. J. Vineyard, superintendent, 215 South Second Street, Arkansas City, Kans.
 Board of Education, Shirley Froemming, clerk, Winfield, Kans.
 Delia Rural High School, Frank Rosser, principal, Delia, Kans.
 Department of Administration, R. H. Arnold, surplus property office, statehouse, Topeka, Kans.
 Dodge City Public Schools, F. B. Toalson, superintendent, Dodge City, Kans.
 Kansas State College, W. E. Keating, business manager, Hays, Kans.
 Kansas State Teachers College, J. E. King, president, Emporia, Kans.
 Mount St. Scholastica College, Mother M. A. Schroll, O. S. B., president, Atchison, Kans.
 Ottawa University, R. N. Bundy, business manager, Ottawa, Kans.
 St. Anthony's Hospital, Sister M. Alwin, C. S. A., administratrix, Hays, Kans.
 St. Benedict's College, Rev. C. Kohake, O.S.B., dean of studies, Atchison, Kans.
 St. Joseph's College and Military Academy, Rev. C. Heim, business manager, Hays, Kans.
 St. Mary's College, J. R. Allen, S.J., treasurer, St. Marys, Kans.
 Seaman Rural High School, C. D. Logan, principal, North Topeka, Kans.
 Sterling College, Frank Smisor, assistant to president, Sterling, Kans.
 Superintendent of Schools, C. U. Phillips, Hays, Kans.
 Washburn University of Topeka, R. G. Vogel, treasurer, Topeka, Kans.

KENTUCKY

Bath County Schools, Glenmore Hogge, superintendent, Owingsville, Ky.
 Bethany Orphanage, J. F. Colter, assistant superintendent, Bethany, Ky.

Camargo High School, W. H. Power, principal, Rural Route 2, Mount Sterling, Ky.
 Christian County Public Schools, H. B. Fiser, superintendent, Hopkinsville, Ky.
 Erie School, E. K. Meyers, superintendent, Olive Hill, Ky.
 Erlanger-Elsmere Schools, Edgar Arnett, superintendent, Erlanger, Ky.
 Fayette County Public Schools, N. C. Turpen, superintendent, 400 Lafayette Drive, Lexington, Ky.
 Frankfort Public Schools, C. D. Redding, superintendent, Frankfort, Ky.
 Glasgow Public Schools, G. C. Farley, superintendent, Glasgow, Ky.
 Homeplace Clinic and Hospital, K. W. Cameron, M. B., C. W. B., Ary, Perry County, Ky.
 Hopkins County Schools, S. B. Pollock, superintendent, Madisonville, Ky.
 Hospital Conference of Metropolitan Louisville, Sister J. Mariam, president, 1367 South 12th Street, Louisville 10, Ky.
 Johns Creek High School, C. R. Elswick, Route 1, Pikeville, Ky.
 Lewisburg Consolidated School, G. L. Summers, principal, Lewisburg, Ky.
 Logan County Hospital, J. W. Clark, administrator, East Fourth Street, Russellville, Ky.
 Lyon County Board of Education, J. E. Fiser, superintendent, Eddyville, Ky.
 Menifee County Schools, G. A. Motley, superintendent, Frenchburg, Ky.
 Menifee County Schools, C. V. Cornwell, supervisor, census and director of pupil personnel, Frenchburg, Ky.
 Nazareth College of Kentucky, Sister M. Gertrude, president, Louisville, Ky.
 Nicholas County Board of Education, R. J. Wesley, superintendent, Carlisle, Ky.
 Pewee Valley Sanitarium and Hospital, P. C. Dysinger, administrator, Pewee Valley, Ky.
 Pike County Department of Education, C. H. Farley, superintendent, Pikeville, Ky.
 Norton Memorial Infirmary, A. E. Hardgrove, administrator, Louisville 3, Ky.
 Olmstead High School, W. N. Alexander, principal, Olmstead, Ky.
 Owensboro Technical High School, C. F. Criley, director vocational education, Owensboro, Ky.
 Presentation Academy, Sister A. Miriam, Louisville, Ky.
 Prichard High School, M. E. Calhoun, principal, Grayson, Ky.
 Red Bird Mission, W. H. Kesselring, director of education, Beverly, Ky.
 St. Joseph Preparatory School, Brother Nilus, C. F. X., headmaster, Bardstown, Ky.
 Somerset Vocational School, L. C. McDowell, coordinator, Somerset, Ky.
 Berea College, G. R. Kavanaugh, business manager, Berea, Ky.

LOUISIANA

Bishop C. P. Greco, Alexandria, La.
 Louisiana Surplus Property Agency, S. B. Mallet, executive officer, Baton Rouge 4, La.
 Loyola University, K. A. Maring, S. J., representative, procurement of surplus property, New Orleans, La.
 State Education Department, S. M. Jackson, State superintendent, State Capital Building, Baton Rouge, La.

MAINE

Nasson College, R. C. Gay, president, Springvale, Maine

MASSACHUSETTS

Amershadian, Fred, 618 Little Building, Boston, Mass.
 Anna Maria College, Sister I. Marie, S. S. A., president, Paxton, Mass.
 Assumption College, A. H. Desautels, A. A., president, Worcester 6, Mass.
 Belmont Vocational High School, L. W. Crowson, director, Belmont, Mass.
 Beverly Trade School, C. H. Patten, director, Sohler Rd., Beverly, Mass.
 Bristol County Agricultural School, K. H. Erickson, director, Segreganset, Mass.
 Brockton Trade High School, K. M. Baker, director, vocational and Adult education, Brockton 19, Mass.
 City of Cambridge, J. H. Corcoran, purchasing agent, Cambridge, Mass.
 College of the Holy Cross, J. L. Sullivan, S. J., director of purchases, Worcester, Mass.
 Convent of Notre Dame, Sister Angelita of the Sacred Heart, S. N. D., 56 Havre Street, East Boston, Mass.

- Dighton Vocational School, C. F. Day, director, Somerset Avenue, Dighton, Mass.
 Don Bosco Trade School, Rev. L. Rinaldi, rector, Bennington and Byron Streets, East Boston 28, Mass.
 Framingham Vocational School, J. P. Keefe, director, Irving and Arlington Streets, Framingham, Mass.
 Gloucester Vocational School, H. B. Geary, director, High School Building, Gloucester, Mass.
 Haverhill Trade School, T. F. Garvey, director, 18-30 Wingate Street, Haverhill, Mass.
 Hillcrest Hospital, S. C. Fazio, administrator, 165 Tor Court, Pittsfield, Mass., Hon. Thomas P. O'Neill, Jr., Room 317, Old House Office Building, Washington, D. C. (11th District).
 Leominster School Department, J. R. Sutcliffe, director of band, Leominster, Mass.
 Lynn Independent Industrial Schoolmaking School, S. R. Callahan, director, 50 High Street, Lynn, Mass.
 Malden Vocational High School, J. A. Booth, director, 2 Ferry Street, Malden, Mass.
 Massachusetts General Hospital, F. Foster, assistant director, Boston 14, Mass.
 Massachusetts Memorial Hospitals, W. M. Gray, purchasing agent, 750 Harrison Avenue, Boston 18, Mass.
 Melvin V. Weldon Vocational High School, W. D. Reid, director, Medford 55, Mass.
 Merrimack College, Rev. T. F. Walsh, O. S. A., procurator, North Andover, Mass.
 Mount Ida, W. F. Carlson, president, Boulder Farm, Newton Centre, Mass.
 New England Bible Institute, C. O. Lindberg, dean, 7 Auburn Street, Framingham, Mass.
 Phillips Academy, H. W. Schereschewsky, comptroller, Andover, Mass.
 Prevost High School, Brother Augustus, 555 Eastern Avenue, Fall River, Mass.
 Provincetown Vocational School, S. A. Causi, instructor, 12 Pearl Street, Provincetown, Mass.
 St. Vincent Hospital, Sister M. Loreto, superintendent, Worcester 10, Mass.
 Saxton Trade High School, R. F. Poland, director, Leominster, Mass.
 Scituate public schools, E. K. Chace, superintendent, Scituate, Mass.
 Soldiers' Home, J. L. Quigley, commandant, Chelsea 50, Mass.
 Springfield College, D. C. Stone, president, Springfield 9, Mass.
 Stonehill College, Rev. F. J. Boland, C. S. C., president, North Easton, Mass.
 Superintendents, assistant superintendents, secretaries and directors of schools:
 Acton public schools, W. L. O'Connell, superintendent, West Acton, Mass.
 Ashby and Townsend Schools, R. D. Dopp, superintendent, Townsend, Mass.
 J. M. Tobin, superintendent, 1700 Cambridge Street, Cambridge 38, Mass.
 Canton public schools, John Glenn, superintendent, Canton, Mass.
 J. L. Gunn, superintendent, Groton, Mass.
 Hanover, Hanson, Norwell Schools, C. E. Bradley, superintendent, Hanover, Mass.
 Maynard School Commission, Mary A. Doyle, superintendent and secretary, Maynard, Mass.
 D. I. Davoren, superintendent, Milford, Mass.
 E. D. Woodbury, superintendent, Natick, Mass.
 Needham public schools, D. A. Newman, superintendent, Needham, Mass.
 North Attleborough schools, A. J. Mott, superintendent, North Attleborough, Mass.
 Norton-Plainville schools, L. G. Nourse, superintendent, Norton, Mass.
 School department, J. H. Higgins, assistant superintendent, Peabody, Mass.
 Public school department, E. J. Russell, superintendent, Pittsfield, Mass.
 Saugus public schools, J. J. Morgan, secretary, school commission, Saugus, Mass.
 School commission, L. C. Donahue, assistant superintendent, Somerville, Mass.
 Tewksbury School Commission, J. A. Aubut, secretary, Tewksbury, Mass.
 J. D. Whittier, superintendent, Topsfield, Mass.
 Department of public schools, J. W. McDevitt, superintendent, Waltham, Mass.
 Tabor Academy, J. W. Wickenden, headmaster, Marion, Mass.
 Thayer Academy and Thayerlands School, W. C. Anderson, business manager, Braintree 85, Mass.

Vocational high school, H. J. Patterson, director, High School Building, Arlington 74, Mass.
 Vocational high school, J. W. Bates, principal, 23 Summer Street, Everett 49, Mass.
 Vocational high school, W. R. Mackintosh, director, 181 Hillman Street, New Bedford, Mass.
 Vocational school advisory committee, W. H. Rathgeber, chairman, Newburyport, Mass.
 Wentworth Institute, H. R. Beauty, president, Boston, Mass.
 Westport School Department, S. G. Pierce, superintendent, Westport, Mass.
 Worcester Boys' Trade High School, W. B. Deneen, director, Worcester 5, Mass.
 Worcester City Hospital, T. A. Austin, superintendent, Worcester 9, Mass.
 Archdiocese of Boston, Rt. Rev. T. F. O'Leary, superintendent of schools, 468 Beacon Street, Boston 15, Mass.
 Berkshire County Superintendents' Association, R. N. Taylor, president, North Adams, Mass.
 Dalton public schools, A. J. Hill, superintendent, Dalton, Mass.
 Quincy public schools, F. C. Webster, director, Quincy 69, Mass.

MINNESOTA

Askov public schools, H. G. Thompson, industrial arts instructor, Askov, Minn.
 Brainerd public schools, H. C. Nordgaard, superintendent, Oak and South Eighth Streets, Brainerd, Minn.
 Consolidated School District No. 1, J. A. Dahl, superintendent, Taylors Falls, Minn.
 Ellendale consolidated schools, H. G. Anderson, superintendent, Ellendale, Minn.
 Granite Falls public schools, M. H. Lindback, superintendent, Granite Falls, Minn.
 Melrose Independent School District, G. J. Rubash, superintendent, Melrose, Minn.
 Mentor public schools, A. D. Lofthus, superintendent, Mentor, Minn.
 Morgan public schools, L. B. Law, superintendent, Morgan, Minn.
 Osakis public schools, C. F. Omacht, superintendent, Osakis, Minn.
 Raymond public schools, H. Van De Riet, board chairman, and C. L. Gunter, clerk, Raymond, Minn.
 Roseville schools, E. D. Williams, superintendent, 1261 Highway 36, St. Paul 13, Minn.
 Rushford Consolidated School District, No. 16, C. R. Lewis, superintendent, Rushford, Minn.
 St. Cloud public schools, H. B. Gough, superintendent, St. Cloud, Minn.
 Sisters of the Order of St. Benedict, Sister B. Kapsner, O. S. B., procurator, St. Joseph, Minn.
 State Teachers College, C. R. Sattgast, president, Bemidji, Minn.
 Waterville public schools, H. A. Mahler, superintendent, Waterville, Minn.
 Waubun public schools, H. M. Bjornsen, superintendent, Waubun, Minn.
 Winnebago Community College, J. O. Webster, superintendent, Winnebago, Minn.
 St. John's University, Rt. Rev. B. Dworschak, O. S. B., president, Collegeville, Minn.
 Winona Public Schools, O. S. Glover, clerk and business manager, 166 W. Broadway, Winona, Minn.
 Independent School District No. 12, W. J. Murphy, superintendent, Ely, Minn.

MISSISSIPPI

Brookhaven Public Schools, C. H. Pipey, superintendent, Brookhaven, Miss.
 Charleston Consolidated School, Sale Lilly, superintendent, Charleston, Miss.
 Copiah-Lincoln Junior College, J. M. Ewing, president, Wesson, Miss.
 Coxburg School, R. S. Richmond, superintendent, route 4, Lexington, Miss.
 East Central Junior College, W. A. Vincent, president, Decatur, Miss.
 Hattiesburg public schools, S. H. Blair, superintendent, Hattiesburg, Miss.
 House of Representatives, Hon. J. E. Baxter, chairman commission on education, Jackson, Miss.
 Mars Hill School, C. B. Richardson, superintendent, Smithdale, Miss.
 Meridian public schools, J. B. Pearson, assistant superintendent, Meridian, Miss.
 Mississippi College, D. M. Nelson, president, Clinton, Miss.
 Mississippi State College for Women, A. M. Miller, financial secretary, Columbus, Miss.

Mississippi Vocational College, C. R. Lackey, Inv. director, Itta Bena, Miss.
 NEA District 3, Butler Moore, commission member, professional relations, Lexington, Miss.
 Northwest Mississippi Junior College and Agricultural High School, R. D. McLendon, president, Senatobia, Miss.
 Oblate Fathers, J. E. Taylor, O. M. I., Pass Christian, Miss.
 Quincy Elementary School, O. C. Mays, principal, Quincy, Miss.
 St. Francis of Assisi Mission, Rev. N. Machesky, O. F. M. and assistant pastor, Route 1, Box 28, Greenwood, Miss.
 Southwest Mississippi Junior College, H. T. Huddleston, president, Summit, Miss.
 Superintendent, county superintendent, assistant superintendent, and administrator of schools, L. R. White, county superintendent of education, Batesville, Miss.
 S. N. Brown, Jr., county superintendent, Belzoni, Miss.
 Brookhaven public schools, C. H. Lipsey, superintendent, Brookhaven, Miss.
 R. H. Posey, county superintendent of education, Canton, Miss.
 Flora public schools, B. T. Akers, superintendent, P. O. Box 365, Flora, Miss.
 Improve-Petty Consolidated School, Carl Loftin, superintendent, Route 1, Columbia, Miss.
 Louise Consolidated School, L. M. Hamberlin, administrator, Louise, Miss.
 Meridian public schools, L. O. Todd, superintendent, and J. B. Pearson, assistant superintendent, Meridian, Miss. (See wire, dated February 24.)
 Neshoba Co., I. M. Latimer, superintendent of education, Philadelphia, Miss.
 Taylorsville Schools, R. C. Stribling, superintendent, Taylorsville, Miss.
 Terry School, W. H. Garrett, Jackson, Miss.
 E. M. Duncan, superintendent of education, Tylertown, Miss.
 Washington County General Hospital, D. B. Watson, business office, manager, P. O. Box 3097, East Station, Greenville, Miss.
 Diocesan superintendent of schools, Rt. Rev. (Msgr.) G. T. O'Connell, Biloxi, Miss.

MISSOURI

Alexian Brothers Hospital, Brother B. Guyon, C. F. A., R. N., administrator, 3933 South Broadway, St. Louis 18, Mo.
 Board of Education, A. E. Ritzmann, president, C. J. Burger, superintendent of schools, Washington, Mo.
 Boone County Hospital, Bertha Hochuli, R. N., administratrix, Columbia, Mo.
 Brunswick School District R-2, R. E. Sullivan, superintendent, Brunswick, Mo.
 Butler Public Schools, Paul Greene, superintendent, Butler, Mo.
 Central Bible Institute, B. Peterson, president, 3000 North Grant Avenue, Springfield, Mo.
 Central Missouri State College, C. E. Muchmore, business secretary, Warrensburg, Mo.
 Department of Education, H. Wheeler, commissioner of education, Ella M. Flippen, administrative secretary, Jefferson City, Mo.
 Diamond Reorganized School District No. 4, C. W. Prier, superintendent, Diamond, Mo.
 Erker Bros. Optical Co., H. S. Bauer, audio-visual director, 908 Olive Street, St. Louis, Mo.
 Ferguson-Florissant School District R-2, V. C. McCluer, superintendent, 200 Church Street, Ferguson, Mo.
 Hazelwood School District R-1, C. R. Kirby, superintendent, Route 3, Florissant, Mo.
 Kansas City Art Institute and School of Design, W. M. Symon, executive vice president, 4415 Warwick Boulevard, Kansas City 11, Mo.
 Kickapoo School District No. R-7, R. S. Thurman, superintendent, Route 12, Springfield, Mo.
 La Salette Seminary, Rev. W. H. Crane, M. S., superior, Swifts Highway, Post Office Box 306, Jefferson City, Mo.
 Liberal School District R-2, G. H. Gold, superintendent, Liberal, Mo.
 Mt. Euphrasia High School, Sisters of the Good Shepherd, 3801 Gravois Avenue, St. Louis 16, Mo.
 Northwest Missouri State College, J. W. Jones, president, Maryville, Mo.
 Phelps County Memorial Hospital, T. O. Lloyd, administrator, 1000 West 10th Street, Rolla, Mo.
 St. Francis Hospital, Sister M. Pauline, O. S. F., Maryville, Mo.

St. Louis State Training School, J. A. Fox, business manager, 10695 Bellefontaine Road, St. Louis, Mo.
 St. Mary's High School, Brother J. Lanfer, S. M., 4701 South Grand Boulevard, St. Louis 11, Mo.
 St. Mary's Seminary, Very Rev. D. W. Martin, C. M., president, Perryville, Mo.
 Skaggs Community Hospital, Warren Cook, administrator, Branson, Mo.
 Trappist Monastery, Father Matthew Reidy, superior, Sweden, Mo.

MONTANA

Bigfork School District 38, C. E. Naugle, Bigfork, Mont.
 Missoula County High School, D. H. Beary, principal, Missoula, Mont.
 Montana School for the Deaf and Blind, G. I. Harris, president, Great Falls, Mont.
 Montana State College, M. F. Whalen, superintendent, division of physical plant, Bozeman, Mont.
 School District No. 45, E. J. Tuomi, superintendent, Augusta, Mont.

NEBRASKA

Kearney Public Schools, Paul Morris, superintendent, Kearney, Nebr.
 Nebraska State Teachers College, B. L. Kline, president, Chadron, Nebr.
 Peru State Teachers College, N. S. Gomom, president, Peru, Nebr.

NEW JERSEY

American Legion Tri-County Memorial Hospital, A. R. Marsh, administrator, 741 Broadway, Newark, N. J.
 Annandale Farms, G. F. Goodman, superintendent, New Jersey Reformatory, Annandale, N. J.
 Belvidere Public Schools, W. H. West, superintendent, Belvidere, N. J.
 Bergen Pines County Hospital, R. R. Little, M. D., superintendent, Paramus, N. J.
 Board of Education, F. G. Hoek, secretary business manager, Asbury Park, N. J.
 Board of Education, J. H. Schotland, assistant superintendent of schools, 31 Green Street, Newark, N. J.
 Caldwell College, Sister M. Joanna, O. D., chairman, national science division, Caldwell, N. J.
 Columbus Hospital, J. DeDeo, superintendent, 495 North 13th Street, Newark, N. J.
 Essex County Overbrook Hospital, J. G. Sutton, M. D., superintendent, Cedar Grove, N. J.
 Greenville Hospital, S. Loughlin, R. N., administrator, 1825 Hudson Boulevard, Jersey City, N. J.
 Lawrenceville School, L. T. Fagan, business manager, Lawrenceville, N. J.
 New Jersey School for the Deaf, C. M. Jochem, superintendent, West Trenton, N. J.
 Perth Amboy General Hospital, A. W. Eckert, director, 530 New Brunswick Avenue, Perth Amboy, N. J.
 Phillipsburg Public Schools, C. W. Parliment, superintendent of schools, Phillipsburg, N. J.
 Princeton University, H. Menand, Jr., assistant dean, Princeton, N. J.
 Public Schools, R. M. Oberholser, superintendent, Bordentown, N. J.
 Roman Catholic Archdiocese of Newark, F. J. Gassert, counsel, 830 Broad Street, Newark, N. J.
 Rutgers University, E. C. Easton, dean, New Brunswick, N. J.:
 H. E. Beasley, department chairman.
 A. S. Johnson, treasurer and comptroller.
 St. Mary's Hospital, T. A. Nashman, Fourth Street and Willow Avenue, Hoboken, N. J.
 Seton Hall University, Rev. J. F. Davis, vice president in charge of business affairs, South Orange, N. J.
 Somerset Hospital, N. O. Lindley, administrator, Somerville, N. J.
 State Agency for Surplus Property, G. S. Allen, director, 162 West State Street, room 208, Trenton, N. J.
 State Teachers College, R. L. West, president, Trenton, N. J.
 Warren Hospital, R. W. Stem, administrator, Phillipsburg, N. J.
 Kearny Public Schools, E. L. Tink, Ph. D., superintendent of schools, Kearny, N. J.

Hospital of St. Barnabas, G. C. Schicks, D. Sc., director, 685 High Street, Newark, N. J.
 City of Jersey City, T. F. Damato, public relations, Medical Center, Jersey City, N. J.
 All Souls' Hospital, P. E. Vance, comptroller, 95 Mount Kemble Avenue, Morristown, N. J.

NEW MEXICO.

New Mexico Education Association, W. B. O'Donell, executive secretary, 114 East March Street, Santa Fe, N. Mex.
 New Mexico Military Institute, C. F. Ward, superintendent, Roswell, N. Mex.
 St. Michael's College, Brother A. Raymond, executive vice president, Cerrillos Road, Santa Fe, N. Mex.
 Superintendent of schools and business managers:
 Artesia Schools, A. R. Wood, business manager, Artesia, N. Mex.
 Belen Elementary School, Philip Lundi, superintendent, Belen, N. Mex.
 Clovis Municipal Schools, Travis Stovall, superintendent, 720 Pile Street, Clovis, N. Mex.
 Grants Municipal Schools, Adelino Sanchez, superintendent, Grants, N. Mex.
 Las Vegas City Schools, W. J. Robertson, superintendent, 614 Sixth Street, Las Vegas, N. Mex.
 Mosquero Municipal Schools, Jess White, superintendent, Mosquero, N. Mex.
 New Mexico School for the Deaf, M. S. Hester, superintendent, 1060 Cerrillos Road, Santa Fe, N. Mex.
 Quay County Board of Education, N. L. Baker, county superintendent, Tucumcari, N. Mex.
 Raton Public Schools, W. H. Foster, superintendent, Raton, N. Mex.
 Santa Fe City Schools, T. C. Bird, superintendent, P. O. Box 786, Santa Fe, N. Mex.
 Texico Municipal School, Agrie Jones, superintendent, Texico, N. Mex.
 Vaughn Municipal Schools, Creighton Brown, superintendent, Vaughn, N. Mex.
 State Agency for Surplus Property, J. F. Anderson, director, P. O. Box 668, Santa Fe, N. Mex.
 University of New Mexico, T. L. Popejoy, president, Albuquerque, N. Mex.

NEW YORK

Alice Freeman Palmer Central High School, T. L. Philley, supervisor principal, Windsor, N. Y.
 American Correctional Association, J. W. Curran, consultant, 135 East 15th Street, New York, N. Y.
 Bellarmine College, G. B. Murph, S. J., vice president, Plattsburgh, N. Y.
 Board of Education:
 G. B. Leighbody, associate superintendent, L. V. Brown, supervisor of equipment, City Hall, Buffalo, N. Y.
 C. P. Gregway, director vocational education, 97 Pulteney Street, Geneva, N. Y.
 Board of Higher Education, J. J. Gates, special engineer, 695 Park Avenue, New York, N. Y.
 Brooklyn Preparatory School, J. F. O'Hurley, S. J., treasurer, Nostrand Avenue and Carroll Street, Brooklyn, N. Y.
 Brooklyn Y. M. C. A. Trade School, A. L. Logan, educational director, 1115-1125 Bedford Avenue, Brooklyn, N. Y.
 Buffalo Bible Institute, E. S. Graffam, president, 827 Delaware Avenue, Buffalo, N. Y.
 Canastota Central Schools, W. G. Clifford, superintendent, Canastota, N. Y.
 Carle Place Public Schools, C. L. Rall, district principal, Rushmore School, Carle Place, N. Y.
 Cathedral College of the Immaculate Conception, Rev. G. T. Voiland, business offices, Washington and Atlantic Ave., Brooklyn, N. Y.
 Catholic Youth Organization, Rev. M. J. Fleming, associate director, 93-26 Union Hall Street, Jamaica, N. Y.
 Chenango Forks Central School, D. B. Crouse, supervisor principal, Chenango Forks, N. Y.
 Christian Brothers Academy, Bro. Thomas, F. S. C., director, DeLaSalle Road, Albany, N. Y.

- Colgate University, H. W. Pike, director of purchasing, Hamilton, N. Y.
 Community Hospital of Schoharie County, Inc., Dan Jansen, chairman, Fund Raising Campaign, 44 Main St., Cobleskill, N. Y.
 Department of Purchase, J. V. Spagna, commissioner, New York, N. Y.
 Deposit Central School, F. G. Fox, supervising principal, Deposit, N. Y.
 Elba Central School, H. W. Vanderhoof, principal, Elba, N. Y.
 Fordham University, E. P. Gilleran, assistant to the president, (see Jesuit Educational Association below), New York, N. Y.
 Genesee County surplus property program, Mrs. L. K. Anderson, secretary, 255 West Main Street, Batavia, N. Y.
 Georgetown Central School, H. O. Skinner, Supervising principal, Georgetown, N. Y.
 Greenville Central Rural School, S. M. Ellis, supervising principal, Greenville, N. Y.
 Guardian Angel School, Sister M. Adelaide, 1225 Peoples Avenue, (plus 48 Sisters sign.), Troy, N. Y.
 Holland Patent Central School, C. D. Moseman, supervising principal, Holland Patent, N. Y.
 Houghton College, W. G. Smith, business manager, Houghton, N. Y.
 Hudson Falls Central School, D. M. King, superintendent, Hudson Falls, N. Y.
 Jasper Central School, G. L. Johnson, principal, Jasper, N. Y.
 Jesuit Educational Association, L. K. Reed, S. J., Fordham University, New York, N. Y.
 Lake Grove School, A. A. Brayson, headmaster, Lake Grove, Long Island, N. Y.
 La Salle School, Bro. Leo, F. S. C., procurator, 391 Western Avenue, Albany, N. Y.
 Legion Utensils Co., 40th Avenue and 21st Street, Long Island City, N. Y.
 Leland Harper Missionary Training Institute, Nyack, N. Y.
 Marist Preparatory, Brother J. Damian, director, Esopus, N. Y.
 Mesivtha Tifereth Jerusalem of America, Rabbi I. Selengut, executive director, 141-7 East Broadway, New York 2, N. Y.
 Moira High School, H. W. McKane, principal, Moira, N. Y.
 Nathan Littauer Hospital, D. J. Thomas, executive director, Gloversville, N. Y.
 National Association of Educational Buyers, B. C. Ahrens, executive secretary, Garden City, N. Y.
 National Association of Waste Material Dealers, Inc., C. M. White, vice president, 271 Madison Avenue, New York 16, N. Y.
 Newfield Central School, H. M. Nye, supervising principal, Newfield, N. Y.
 New York Mills High School, J. W. Quinn, supervising principal, New York Mills, N. Y.
 New York State Department of Education, C. A. Lacy, Marathon, N. Y.
 New York University, E. H. Eisenhardt, supervisor of purchases, New York, N. Y.
 Oakawamick Central School, W. R. Bonneau, principal, Philmont, N. Y.
 Odessa Central School, K. E. Gilbert, clerk of board of education, Odessa, N. Y.
 Oriskany Falls High School, W. S. Buckoski, principal, Oriskany Falls, N. Y.
 Our Lady of Mercy High School, Sister M. Francisca, principal, 1437 Blossom Road, Rochester, N. Y.
 Paul Smiths College, C. L. Buxton, president, Paul Smiths, N. Y.
 Piarist Fathers, Rev. S. Gerenser, S. P., Ph. D., D. D., Post Office box 2096, Buffalo 5, N. Y.
 Poughkeepsie City School District, F. D. Holden, superintendent, Poughkeepsie, N. Y.
 Rice High School, W. D. Wright, M. Sc., principal, 74 West 124th Street, New York 27, N. Y.
 Roberts Wesleyan College, M. G. Smith, North Chili, N. Y.
 Sacred Heart Home, Brother Brendan, F. M. M., Brother Eulogius, superintendent, Brother Servatius, F. M. M. R. N. Provincial, Ransome Road, Clarence, N. Y.
 St. Anthony's Juniorate, Brother Linus, O. S. F., box 601, Smithtown, N. Y.
 St. Francis Novitiate, Reverend Brother Bernard, O. S. F., Superior, Half Hollow Hills, (plus 48 Brothers signatures), Huntington, N. Y.
 St. Gregory Convent, Sister M. Rosalie, principal, 1006 Sterling Place, Brooklyn 13, N. Y.
 St. Leonard's Academy, Brother Celsus, O. S. F., principal, 26 Brevoort Place, Brooklyn 16, N. Y.

- Saugerties Public Schools, G. D. Morse, superintendent of schools, Saugerties, N. Y.
- Shenendehowa Central School, C. J. Easton, business manager, Route 146, Elnora, N. Y.
- Sisters of Charity Hospital, Sister Eugenia, administrator, 2157 Main Street, Buffalo 14, N. Y.
- State University of N. Y., D. W. Allee, assistant director for industrial-technical education, Farmingdale, N. Y.
- Stony Brook School, J. E. Hill, business manager and assistant treasurer, Stony Brook, Long Island, N. Y.
- Third Supervisory District of Rensselaer County, H. A. Smith, superintendent, East Greenbush, N. Y.
- Union Free School District No. 5, Walter Crewson, superintendent of schools, Levittown, N. Y.
- United Cerebral Palsy, H. Lyons, legislative director, 369 Lexington Avenue, New York 17, N. Y.
- University of Buffalo, C. E. Puffer, treasurer, 3435 Main Street, Buffalo 14, N. Y.
- University of the State of New York, L. R. Murtaugh, director, State education department, Albany 1, N. Y.
- Vestal Central School, Malcolm Piester, principal junior high school, Vestal, N. Y.
- Westchester Community College, P. C. Martin, president, 155 Battle Avenue, White Plains, N. Y.
- Whitesboro Central School, E. G. Scholl, president, board of education, Whitesboro, N. Y.
- Whitney Point Central School, C. E. Adams, principal, Whitney Point, N. Y.
- Wiltwyck School for Boys, Inc., Ernst Papanek, executive director, 271 West 125th Street, New York 27, N. Y.
- Yeshivath Torah Vodaath and Mesicta, C. A. Saretsky, president, 141 South Third Street, Brooklyn 11, N. Y.
- Board of Higher Education, Pearl Max, administrator, 695 Park Avenue, New York 21, N. Y.

NORTH CAROLINA

- Alexander County Hospital Association, Inc., X. K. Motsinger, administrator, Taylorsville, N. C.
- Asheville City Schools, J. W. Byers, superintendent, Asheville, N. C.
- Bigcove School, Ralph Hatchliff, principal, Cherokee, N. C.
- Board of Education, J. J. Lentz, county superintendent, Sanford, N. C.
- Burlington City Schools, J. P. Lentz, Burlington, N. C.
- District Health Department, Dr. O. David Garvin, M. D., M. P. H., Chapel Hill, N. C.
- Division of Purchases and Contract, D. Q. Holton, director, A. W. Honeycutt, deputy director, State surplus property utilization program, 316 E. Lenoir Street, Raleigh, N. C.
- Dunn Public Schools, A. B. Johnson, district principal, Dunn, N. C.
- East Carolina College, J. D. Messick, president, Greenville, N. C.
- Forsyth County Health Department, F. G. Pegg, M. D. health officer, Winston-Salem, N. C.
- Future Farmers of America, T. C. Baucom, chairman, vocational agriculture teachers, Garner, N. C.
- Graham County Public Schools, K. S. Clem, superintendent, Robbinsville, N. C.
- Guilford College, D. H. Parsons, Jr., business manager, Guilford College, N. C.
- High Point College, D. H. Cooke, president, High Point, N. C.
- Johnston County Training School, W. R. Collins, principal, Smithfield, N. C.
- Mayor Marshall Kurfees, Winston-Salem, N. C.
- North Carolina Hospitals, R. M. Purser, general business manager, Post Office Box 88, 357 Revenue Building Annex, Raleigh, N. C.
- Orange County Schools, G. P. Carr, superintendent, Hillsboro, N. C.
- Pamlico County Health Department, C. J. McCotter, Bayboro, N. C.
- Randleman Public Schools, L. H. Ballard, principal, Randleman, N. C.
- Red Springs City Schools, W. R. Dudley, superintendent, Red Springs, N. C.
- Rex Hospital, J. E. Barnes, director, Raleigh, N. C.
- Willian Neal Reynolds Coliseum, W. Z. Betts, Raleigh, N. C.
- Rocky Mount City Schools, D. S. Johnson, superintendent, Post Office Box. 1260, Rocky Mount, N. C.
- School of Textiles, C. M. Asbill, Jr., head department of textile machine development (North Carolina State College), Raleigh, N. C.

State Health Office, J. W. R. Norton, M. D., officer, Raleigh, N. C.
 Wake Forest College Cafeteria, C. V. Cummings, manager, Post Office Box 549,
 Wake Forest, N. C.
 Washington County Schools, R. F. Lowry, superintendent, Lock Box 247, Ply-
 mouth, N. C.
 Western Carolina College, W. A. Ashbrook, head department of business, Cullo-
 whee, N. C.
 West Mecklenburg High School, T. C. Wright, principal, Charlotte, N. C.
 West Southern Pines High School, J. M. Moore, principal, Southern Pines, N. C.
 H. M. Rowland, superintendent of schools, New Hanover County, Wilmington,
 N. C.

OHIO

Adena Public Schools, C. B. Shields, superintendent, Adena, Ohio
 Ashtabula County Schools, L. M. Finley, superintendent, Jefferson, Ohio
 Bremen Local School District, H. A. Appler, superintendent, Bremen, Ohio
 Canton Public Schools, H. E. White, principal, 521 Tuscarawas Street, West,
 Canton 2, Ohio
 Clinton County Educational Department, W. N. Nichols, superintendent, Wilming-
 ton, Ohio
 College of Steubenville, Rev. R. Stafford, T. O. R., vice president, Steubenville,
 Ohio
 Conneaut City Schools, J. H. Wanamaker, superintendent, Administration Build-
 ing, 401 Mill Street, Conneaut, Ohio
 Department of Education, W. G. Rhoten, director, Surplus Property Utilization,
 220 South Parsons Avenue, Columbus, Ohio
 Department of Vocational Education, S. N. Guckenheimer, coordinator, P. O.
 Box 309, New Philadelphia, Ohio
 Dover City Schools, D. C. Lemmon, superintendent, High School Building, Dover,
 Ohio
 Gilmour Academy, Brother L. La Forest, C. S. C., headmaster, Gates Mills, Ohio
 Hancock County Public Schools, E. J. Joseph, county superintendent, Findlay,
 Ohio
 Hardin County Public Schools, F. C. Ransdell, county superintendent, Kenton,
 Ohio
 Jefferson County Schools, R. B. Roshon, county superintendent, Court House,
 Steubenville, Ohio
 Jefferson Union Board of Education, G. C. Cable, president, Richmond, Ohio
 Jewett Public Schools, R. A. Kammeyer, superintendent, Jewett, Ohio
 Macomber Vocational High School, F. M. Dannenfelser, principal, Monroe and
 15th Street, Toledo 2, Ohio
 Martinsville Schools, Martinsville, Ohio, Roger D. McCormick, superintendent.
 Miami County Schools, C. V. Thompson, superintendent, Troy, Ohio
 Mount St. John, Brother E. R. Schmid, business manager, 4370 Patterson Road,
 Dayton, Ohio
 Mount Union College, Alliance, Ohio; Carl C. Bracy, president.
 Norwood Public Schools, H. S. Bates, superintendent, Administration Building,
 Norwood 12, Ohio
 Passaic Public Schools, H. J. Stubba, director of Industrial Education, Paulison
 and Howe avenue, Passaic, N. J.
 Ridgeway Local Schools, A. Weiss, Jr., executive head, Ridgeway, Ohio
 Roundhead Local Schools, H. H. Browns, principal, Roundhead, Ohio
 Sandusky Public Schools, J. T. Seaman, principal, Sandusky, Ohio.
 Scioto County School District, E. R. McCowen, county superintendent, Court
 House, Room 305, Portsmouth, Ohio
 Simon Kenton Local School, W. D. Myers, superintendent, Lees Creek, Ohio
 Spencer Local Schools, J. A. Florence, superintendent, Spencer, Ohio
 Townsend-Wakeman Local Schools, M. A. Lenz, superintendent, Wakeman, Ohio
 Washington Court House City Schools, W. A. Smith, superintendent, 323 East
 Paint Street, Washington Court House, Ohio
 Warren City Schools, W. K. Dunton, coordinator of vocational and industrial
 education, Warren, Ohio
 Wayne County Public Schools, Ralph Ely, county superintendent of schools, 142
 East Larwill Street, Wooster, Ohio
 Barberton Public Schools, K. J. Herbert, supervisor, trade and industrial edu-
 cation, 489 West Hopocan Avenue, Barberton, Ohio
 Effron Corp., H. Hirschberg, Traction Building, Cincinnati, Ohio

Athens County Schools, G. Christman, county superintendent, G. A. Gardner, E. L. Koehler, H. W. Humphrey, H. L. Ellis, C. V. Christman, G. E. Kitel, Athens, Ohio
 Capital University, H. L. Yochum, president, Columbus 9, Ohio.
 Cedarville public schools, W. W. Boyer, chairman of board, Cedarville, Ohio.
 Valley Local High School, L. T. Comer, supervising principal, Lucasville, Ohio
 Circleville public schools, G. A. Hartman, superintendent, V. M. Cress, chairman board of education, Circleville, Ohio

OKLAHOMA

Ashland High School, V. T. Bayless, superintendent, Ashland, Okla.
 Bethany-Peniel College, R. H. Cantrell, president, Bethany, Okla.
 Cameron State Agricultural College, C. V. Howell, president, Lawton, Okla.
 Canadian County Department of Public Instruction, N. V. Golden, county superintendent, El Reno, Okla.
 Carter County Department of Public Schools, Omer Rowe, county superintendent P. O. Box 538, Ardmore, Okla.
 Central Christian College, J. O. Baird, president, Route 2, Box 12-12, Bartlesville, Okla.
 Connors State Agricultural College, Jacob Johnson, president, Warner, Okla.
 Crescent public schools, J. W. Bell, superintendent, Crescent, Okla.
 Dewey Schools, Max Crouse, superintendent, Dewey, Okla.
 East Central State College, O. L. Parker, business manager, Ada, Okla.
 Hobart public schools, Hampton Crowder, superintendent, Hobart, Okla.
 Madill City Schools, M. C. Collum, superintendent, Madill, Okla.
 Northeastern State College, H. E. Garrison, president, Tahlequah, Okla.
 Northwestern State College, L. D. Brown, president, Alva, Okla.
 Oklahoma County Department of Public Instruction, C. E. Grady, county superintendent, Oklahoma City 2, Okla.
 Panhandle Agricultural and Mechanical College, Marvin McKee, president, Goodwell, Okla.
 Phillips University, R. W. Adkisson, business manager, Enid, Okla.
 Pontotoc Public School, B. H. Whitsett, superintendent, Pontotoc, Okla.
 Porter Public Schools, E. L. Swalley, superintendent, Porter, Okla.
 Purcell Public School, J. T. Riley, superintendent, Purcell, Okla.
 State Agency for Surplus Property, Sam Ewing, director, Oklahoma City, Okla.
 State of Oklahoma, House of Representatives, Rudolph Folsom, superintendent Leon High School, Oklahoma City, Okla.
 Taft State Hospital, E. P. Henry, M. D., Taft, Okla.
 University of Oklahoma, G. L. Cross, president, Norman, Okla.
 Western State Hospital, F. L. Adelman, M. D., superintendent, Fort Supply, Okla.
 State Training School, W. C. Chandler, superintendent, Boley, Okla.

OREGON

Archdiocese of Portland, Rev. M. Thielsen, director of education, 2053 SW Sixth Avenue, Portland 1, Oreg.
 Bend Public Schools, R. E. Jewell, city school superintendent, Bend, Oreg.
 Bull Run School, D. C. Klingler, chairman, V. A. Stiger, W. C. Kitchen, route 1, Sandy, Oreg.
 Cascade College, C. J. Pike, president, 705 North Killingsworth Street, Portland 11, Oreg.
 Cascade Union High School No. 5, L. J. Uhrhammer, superintendent, Turner, Oreg.
 Clackamas County School District No. 86, L. G. Rood, principal, Canby, Oreg.
 Cloverdale Grade School, C. A. Sias, principal, Cloverdale, Oreg.
 Colton Public Schools, Henry Osibov, superintendent, Colton, Oreg.
 Community Hospital, (Miss) B. J. Larsen, administrator, 843 East Main Street, Medford, Oreg.
 Coos Bay Public Schools, M. B. Winslow, superintendent, Coos Bay, Oreg.
 Drain Grade School, A. A. Bryant, principal, Drain, Oreg.
 Dufur Public Schools, A. M. Parrow, superintendent, Dufur, Oreg.
 Eagle Point Public Schools, Don McGovern, shop instructor, Eagle Point, Oreg.
 Elkton Public Schools, L. E. Price, grade school principal, Elkton, Oreg.
 Eugene Public Schools, Clarence Hines, superintendent, Eugene, Oreg.
 Eugene Vocational School, W. W. Cox, director, Eugene, Oreg.
 Mrs. Don Fonda, Vale, Oreg.

- Glenfair Grade School, J. B. Whitmore, superintendent, 15300 NE. Glisan Street, Portland 16, Ore.
- Hill Military Academy, J. A. Hill, president, Rocky Butte, Portland, Ore.
- Hillsboro Grade Schools, J. W. Poynter, superintendent, Hillsboro, Ore.
- Jacksonville Public Schools, C. F. Sutherland, superintendent, Jacksonville, Ore.
- Junction City School System, E. M. Buck, superintendent, Junction City, Ore.
- Klamath County School District, C. B. Howe, superintendent, Klamath Falls, Ore.
- Lewis and Clark College, P. W. Stewart, assistant secretary and business manager, 0615 SW. Palatine Hill Road, Portland 1, Ore.
- Liberty Elementary School, O. F. Walberg, principal, route 1, Sweet Home, Ore.
- Lincoln County School District, M. L. Huff, principal, Siletz High School, Newport, Ore.
- Lowell Grade School, J. W. Dunn, superintendent, Lane County School District No. 71, Lowell, Ore.
- McKenzie River Schools, B. C. Huntington, superintendent, Finn Rock, Ore.
- Metolius Grade School, Metolius, Ore., Miss Venus Golay, clerk.
- Mill City Public Schools, H. L. Means, principal, Mill City, Ore.
- Milton-Freewater Public School System, Ware Hammersley, superintendent, Milton-Freewater, Ore.
- Molalla Consolidated Grade School, T. L. McBride, principal, Molalla, Ore.
- Molalla Union High School, W. S. Adams, superintendent, Molalla, Ore.
- Mount Angel Abbey, P. Meagher, O. S. B., business agent, St. Benedict, Ore.
- Mount Angel Women's College, Sister Mary Ida, president, Mount Angel, Ore.
- Multnomah School of the Bible, N. P. Scruggs, business manager, 8435 NE. Glisan, Portland 16, Ore.
- North Plains Elementary School, Bob Warner, principal, North Plains, Ore.
- Oakridge School District 76, P. E. Elliott, superintendent, Oakridge, Ore.
- Oregon Civil Defense Agency, A. M. Sheets, director, State Office Building, Salem, Ore.
- Oregon College of Education, R. J. Maaske, president, Monmouth, Ore.
- Oregon State College, M. M. Oveson, superintendent, Pendleton Branch Experiment Station, Post Office Box 816, Pendleton, Ore.
- Oregon State College, G. W. Gleeson, dean, A. L. Strand, president, Corvallis, Ore.
- Prospect Schools, J. B. Harr, superintendent, Prospect, Ore.
- Roseburg Public Schools, M. C. Deller, superintendent, Roseburg, Ore.
- Sacred Heart Hospital, Sister Reine, administrator, Sister Helen Yvonne, assistant administrator, 124 Florence Avenue, Medford, Ore.
- St. Helens City Schools, Elwood Egelston, superintendent, St. Helens, Ore.
- St. Francis School, Sister Mary Raphael, principal, route 1, box 30B, Banks, Ore.
- St. Vincent de Paul School, Sister Mary Roseen, principal, Salem, Ore.
- Salem Public Schools, C. C. Ward, clerk-business manager, 1309 Ferry Street, Salem, Ore.
- Scappoose Public Schools, O. H. H. Petersen, principal, Scappoose, Ore.
- Scio Grade School, R. H. McDonald, elementary principal, District No. 95C, Scio, Ore.
- Mrs. Dorothy Shank, The Dalles, Ore.
- Sisters of St. Mary, St. Mary's School, Stayton, Ore.
- Sisters of St. Mary, M. R. Rigert, M. A. Hathaway, E. Henberger, M. Sparkman, Visitation Convent, route 2, box 221, Forest Grove, Ore.
- State Board of Higher Education, J. R. Richards, secretary, Eugene, Ore.
- Stayton Union High School, A. C. Corbett, instructor industrial arts, Post Office Box 505, Stayton, Ore.
- Surplus Property Section, W. B. Walker, chairman, 210 Norway Street, Salem, Ore.
- Sutherlin Public Schools, W. Riddlebarger, superintendent, Sutherlin, Ore.
- Union High School District, No. 1, C. MacKenzie, principal, Canby, Ore.
- University of Oregon, I. I. Wright, superintendent, department of physical plant, Eugene, Ore.
- University of Portland, Rev. J. G. Anderson, C. S. C., vice president, Portland 3, Ore.
- Mrs. Charles B. Waldron, Lakeview, Ore.
- West Union School, E. L. Johnson, principal, route 1, Hillsboro, Ore.
- Weston Elementary School, J. W. Forrester, superintendent, Weston, Ore.

Wilkes Grade School, J. Libonati, principal, 17020 NE Wilkes Road, Portland 3, Oreg.
 E. P. and B. Bonita Caldwell, 134 Second Street, Lebanon, Oreg.
 Lebanon Public Schools, J. W. King, superintendent-clerk, Lebanon, Oreg.
 Mrs. Robert Buchanan, 1817 Walnut, Albany, Oreg.
 Eugene Public Schools, R. M. Franz, principal, Colin Kelly Junior High School, Park Avenue and Howard Lane, Eugene, Oreg.
 Principal, Rufus Consolidated School, Rufus, Oreg.
 Southern Oregon College of Education, J. D. McAulay, director, Ashland, Oreg.
 Gearhart Elementary School PTA, Mrs. Don Inman, president, box 1071, Seaside, Oreg.

RHODE ISLAND

Department of finance, J. P. Madden, agent, surplus property procurement, room 19, State House, Providence, R. I.
 Providence College, Very Rev. (Fr.) R. J. Slavin, president, M. J. Timlin, purchasing agent, Providence, R. I.

SOUTH CAROLINA

Bamberg School District No. 1, M. G. Gault, superintendent, Bamberg, S. C.
 Clemson Agricultural College, Hamilton Hill, assistant business manager, Clemson, S. C.

TENNESSEE

Austin Peay State College, Halbert Harvill, president, Clarksville, Tenn.
 Board of Education, B. W. Carr, county superintendent, Hardeman County Schools, Bolivar, Tenn.
 Castle Heights Military Academy, Col. H. L. Armstrong, president, Lebanon, Tenn.
 Christian Brothers College, Brother Lambert Thomas, president, Memphis, Tenn.
 City Public Schools, W. A. Bass, superintendent, Nashville, Tenn.
 Clarksville City Schools, C. H. Moore, superintendent, Clarksville, Tenn.
 DeKalb County Schools, J. D. Hendrixson, superintendent, Smithville, Tenn.
 George Peabody College for Teachers, S. L. Smith, chairman, veterans housing and facilities committee, Nashville, Tenn.
 Huntingdon City Schools, C. H. Pudor, principal, Huntingdon, Tenn.
 Johnson Bible College, R. M. Bell, president, Kimberlin Heights, Tenn.
 McMinnville City Schools, J. L. Nunley, superintendent, McMinnville, Tenn.
 Memphis State College, J. M. Smith, president, Memphis, Tenn.
 Public Instruction of Obion County, Joel Shore, superintendent, Union City, Tenn.
 St. Joseph Hospital, J. L. Luton, business manager, 264 Jackson Avenue, Memphis, Tenn.
 Sevier County Department of Education, Roy Ledwell, superintendent, Sevierville, Tenn.
 Southwestern at Memphis, P. N. Rhodes, president, Memphis, Tenn.
 State department of mental health, C. J. Ruilmann, M. D., commissioner, 311 Cotton States Boulevard, Nashville, Tenn.
 State education agency for surplus property, H. T. Marshall, director, Berry Field, warehouse T-106, Nashville 3, Tenn.
 Superintendent, county schools, C. F. Fisher, superintendent, Springfield, Tenn.
 Tennessee School for the Blind, E. J. Wood, Nashville, Tenn.
 Tennessee Education Association, F. E. Bass, executive secretary-treasurer, 321 7th Avenue, North, Nashville, Tenn.
 Chattanooga Public Schools, L. G. Derthick, superintendent, Chattanooga, Tenn.

TEXAS

Abilene Christian College, D. H. Morris, president, L. L. Smith, bursar, Abilene, Tex.
 Alamo Area Hospital Council, G. S. Drury, president, San Antonio, Tex.
 America's First Boys Ranch, Cal Farley, founder and president, Box 1890, Amarillo, Tex.
 Baylor University, W. R. White, president, Waco, Tex.
 Bryan Public Schools, Leon Hayes, business manager, Bryan, Tex.
 Certified public accountant, M. D. Theriot, 303 East 7th Street, Austin, Tex.

- Commissioners court, A. A. Payne, county judge, Cottle County, Paducah, Tex.
 Crowley Public School, Mrs. J. H. Race, principal, Crowley, Tex.
 Dallas County purchasing department, C. H. Haggard, purchasing agent.
 Delmar College, E. L. Harvin, president, Corpus Christi, Tex.
 Eastland Public Schools, W. T. Siebert, principal, Eastland High School, Eastland, Tex.
 ETSTC, F. H. McDowell, Commerce, Tex.
 Howard Payne College, J. H. Shelton, business manager, Brownwood, Tex.
 McMurry Collège, Garnet Gracy, comptroller, Abilene, Tex.
 Odessa College, M. H. Fly, president, Odessa, Tex.
 Paris Junior College, J. R. McLemore, president, Paris, Tex.
 St. Ignatius Church, Rev. E. L. Dore, C. S. C., 206 West Johanna Street, Austin, Tex.
 St. John's Seminary, Rev. J. P. O'Connor, C. M., treasurer, 247 Felisa Street, San Antonio 10, Tex.
 St. Mary's Parochial School, Rev. J. A. Donnelly, C. S. C., box 866, Lampasas, Tex.
 St. Mary's University, Very Rev. W. J. Buehler, S. M., president, San Antonio 1, Tex.
 St. Peter's—St. Joseph's Home, Rt. Rev. J. L. Manning, J. C. D., administrator, 919 Mission Road, San Antonio, Tex.
 St. Stanislaus Rectory, Rev. V. G. Schmidtzinsky, pastor and superintendent, box 236, Bandera, Tex.
 San Angelo College, Bill Carpenter, business manager, 9 S. Jefferson Street, San Angelo, Tex.
 Schreiner Institute, F. H. Junkin, registrar, Kerrville, Tex.
 Southwestern Union Conference of Seventh-Day Adventists, W. A. Howe, secretary of education, 2829 West Cantey Street, Fort Worth 9, Tex.
 Superintendents, assistants, of county and public schools :
 Austin Public Schools, I. B. Carruth, superintendent, Austin 1, Tex.
 Beckville Public Schools, R. C. Beauchamp, superintendent, Beckville, Tex.
 Ben Bolt-Palito Blanco Schools, L. G. Kammerdiener, superintendent, Ben Bolt, Tex.
 Bremond Independent School District, J. W. Baker, superintendent, Bremond, Tex.
 Caldwell Public Schools, J. M. Hare, superintendent, 700 West Fawn, Caldwell, Tex.
 Callisburg Consolidated School, V. L. Welch, superintendent, route 2, Gainesville, Tex.
 Channing Public Schools, Jerry Jacobs, superintendent, Channing, Tex.
 Cleveland Public Schools, F. E. White, superintendent, member board of regents, Texas State Teachers College, Cleveland, Tex.
 Coleman Public Schools, W. T. Graves, superintendent, Coleman, Tex.
 Comanche Public Schools, Virgil Chaffin, superintendent, Comanche, Tex.
 Comally Consolidated Independent School District, E. L. Lawrence, superintendent, route 4, box 444, Waco, Tex.
 Cottle County Schools, Mrs. Jessie G. Thomas, county superintendent, Paducah, Tex.
 Decatur Public Schools, E. L. Gantt, superintendent, Decatur, Tex.
 D'Hanis Independent School District, J. M. Slavik, superintendent, D'Hanis, Tex.
 Dimmitt Independent School District, R. S. Vestal, superintendent, Dimmitt, Tex.
 Edgewood Independent School District, E. E. Arnaud, superintendent, 525 Cupples Road, San Antonio 7, Tex.
 Elgin Public Schools, V. L. Voight, superintendent, Elgin, Tex.
 Ernest Ray, superintendent, Everman, Tex.
 Forney Public Schools, L. H. Stollenwerck, superintendent, Forney, Tex.
 Fredericksburg Independent School District, F. M. Thompson, superintendent, Box 231, Fredericksburg, Tex.
 Hooks Public Schools, L. H. Griffin, superintendent, **Hooks Tex.**
 Huntsville Public Schools, J. R. Griggs, superintendent, Huntsville, Tex.
 Iredell Public Schools, J. M. McCroskey, superintendent, Iredell, Tex.
 Jewett Public School, R. N. West, superintendent, Jewett, Tex.
 R. E. Schlortt, superintendent of schools, Knippa, Tex.
 Lampasas Schools, H. C. Ballew, superintendent, Lampasas, Tex.
 Lavega Public Schools, P. W. Shelton, superintendent, Waco, Tex.

Leverett's Chapel Independent School District, B. D. Mason, superintendent, Overton, Tex.
 Lorena Independent School District, L. H. Taylor, superintendent, box 126, Lorena, Tex.
 Mathis Independent School District, T. A. Harbin, superintendent, box 177, Mathis, Tex.
 W. D. Parks, Jr., superintendent, Meridian, Tex.
 Mesquite Public Schools, T. H. McDonald, superintendent, Mesquite, Tex.
 H. M. Carnes, superintendent of schools, Mineral Wells, Tex.
 Mount Enterprise Independent School District, A. W. Phillips, Mt. Enterprise, Tex.
 O. Dan Carter, superintendent of schools, Navasota, Tex.
 Orangefield Independent School District, Terrell Love, superintendent, P. O. Box 228, Orangefield, Tex.
 Parker County Schools, C. D. Young, county superintendent, Weatherford, Tex.
 Charles Mathews, superintendent of schools, Plainview, Tex.
 Sidney Reeves, superintendent of schools, Quitman, Tex.
 Rio Hondo Independent School District, M. B. Tilley, superintendent, Rio Hondo, Tex.
 Paul Sweatt, superintendent of schools, Roaring Springs, Tex.
 Robstown Independent School District, B. C. Banks, superintendent, Robstown, Tex.
 San Angelo Public Schools, G. B. Wadzeck, superintendent., D. N. Peterson, director of auxiliary service, 244 North Magdalen Street, San Angelo, Tex.
 Seminole Public Schools, F. J. Young, superintendent, Seminole, Tex.
 Skidmore-Tynan Rural Hi. School, S. A. Hudspeth, superintendent, Skidmore, Tex.
 Southwestern Baptist Theological Seminary, Wayne Evans, business manager, Box 6868, Seminary Hill, Fort Worth, Tex.
 Valley Mills Independent School District, Alton Gandy, secretary of school board, Valley Mills, Tex.
 J. E. Batson, county superintendent, Waco, Tex.
 West Columbia Independent School District, J. C. Rogers, Jr., superintendent, East Columbia, Tex.
 Whitesboro Public Schools, L. D. Robinson, superintendent, Whitesboro, Tex.
 Ysleta Public School, F. W. Cooper, assistant superintendent, Ysleta, Tex.
 Texas-Mexican Industrial Institute, S. B. McLane, president, Kingsville, Tex.
 Texas Technological College, M. L. Pennington, vice president and comptroller, Lubbock, Tex.
 Texas Wesleyan College, S. M. Braswell, business manager, Fort Worth, Tex.
 University of Corpus Christi, W. A. Miller, president, Corpus Christi, Tex.
 Wayland College, J. L. Harden, business manager, Plainview, Tex.

VERMONT

Addison Northwest District, L. W. Moulton, superintendent, Vergennes, Vt.
 Barre City Schools, C. G. Fussell, superintendent, Barre, Vt.
 Bennington Public Schols, A. J. Heath, superintendent, 116½ South Street, Bennington, Vt.
 Brandon State School, F. W. Russell, superintendent, Brandon, Vt.
 Department of Education: R. J. Spencer, director of administration, J. E. Nelson, State director vocational education, H. F. Graeme, State supervisor trade and industrial education, Montpelier, Vt.
 Essex-Caledonia District, D. B. Dyer, superintendent, Concord, Vt.
 Grand Isle Union Schol District, T. H. White, superintendent, Alburg, Vt.
 Lamaille South School District, C. P. Boright, superintendent, Morrisville, Vt.
 Montpelier Public Schools, Philip Mathewson, superintendent, Montpelier, Vt.
 Orange-Washington School District, J. N. Perrin, superintendent, Webster-ville, Vt.
 Superintendent of Schools, H. N. Montague, Brattleboro, Vt.
 Superintendent of Schools, J. A. Freitas, White River Junction, Vt.

VIRGINIA

Hon. Porter Hardy, Jr., room 301, Old House Office Building (2d District), Washington, D. C.
 Commonwealth of Virginia, Gov. T. B. Stanley, Richmond, Va.
 City of Norfolk, Vernon Ridgwell, superintendent Recreation Bureau, Norfolk, Va.

County School Board of Augusta County, H. K. Cassell, division superintendent, Staunton, Va.
 Halifax County Public Schools, R. L. Lacy, division superintendent, Halifax, Va.
 Scott County Schools, P. W. Collins, division superintendent, Gate City, Va.
 State Educational Agency for Surplus Property, A. G. Janney, executive office, Richmond, Va.
 Virginia Polytechnic Institute, W. S. Newman, president, Blacksburg, Va.

WASHINGTON

Columbia Basin College, J. E. Cooney, director, R. F. D. 1, Pasco, Wash.
 Department of Public Institutions, H. E. Pike, supervisor, Olympia, Wash.
 Madison St. Hospital, Dr. E. W. Pruett, medical director, Seattle, Wash.
 Superintendent, assistant superintendent and business manager of schools:
 Bothell Public Schools, M. S. Stevens, business manager, Box 128, Bothell, Wash.
 Cheney Public Schools, C. A. Salt, superintendent school district No. 357, Cheney, Wash.
 South Kitsap Schools, H. A. Trimbell, business manager, Post Office box 127, Port Orchard, Wash.
 W. Del Walker, Superintendent of Schools, 3d and Nelson Streets, Sedro Wooley, Wash.
 Shoreline School District No. 412, Myron Ernest, department superintendent, Seattle, Wash.
 Central Kitsap School District 401, William Maxmuth, business manager, Silverdale, Wash.
 Snohomish Public Schools, G. A. Moore, superintendent, Snohomish, Wash.
 Sunnyside Public Schools, L. A. Colby, assistant superintendent, Washington Building, Sunnyside, Wash.
 Tacoma Public Schools, J. A. Hopkins, assistant superintendent, Post Office Box 1357, Tacoma, Wash.
 Surplus Property Section, E. E. Holt, manager 1020 Airport Way, Seattle, Wash.

WISCONSIN

Hon. Walter J. Kohler, Governor, State of Wisconsin, Madison, Wis.
 City of Milwaukee, Central Board and Department of Purchases, Jos. W. Nicholson, city purchasing agent.

WYOMING

Wyoming State Agency for Surplus Property, Sam Hitchcock, director, Cheyenne, Wyo.

WASHINGTON, D. C.

American Council on Education, Mr. Kiger, 1785 Massachusetts Avenue, Washington, D. C.
 Archbishop Carroll High School, Rev. E. V. Stanford, O. S. A., Rector, 4300 Harewood Road NE., Washington, D. C.
 Association of Land-Grant Colleges and Universities, R. I. Thackrey, executive secretary, 1785 Massachusetts Avenue, Washington, D. C.
 De La Salle College, Bro. C. Leo, F. S. C. Procurator, La Salle Road NE., Washington, D. C.
 Dominican House of Studies, T. Carney, O. P., procurator, 487 Michigan Avenue NE., Washington, D. C.
 Geophysical Laboratory, A. D. Singer, office manager, 2801 Upton Street, Washington, D. C.
 Gonzaga High School, Bro. S. Barzyk, S. J., 19 I Street NW., Washington, D. C.
 Mr. G. F. Hines, Southern Building, Washington, D. C.
 Holy Cross College, Rev. H. J. Kenna, C. S. C., president, 4001 Harwood Road NE., Washington, D. C.
 National Institute of Governmental Purchasing, Inc., A. H. Hall, executive director, 1001 Connecticut Avenue NW., Washington, D. C.
 Oblate Scholasticate, Rev. F. J. Crump, O. M. I., rector, 391 Michigan Avenue NE., Washington, D. C.

84TH CONGRESS
1ST SESSION

H. R. 3322

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 1955

Mr. McCORMACK introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That (a) paragraph (2) of subsection (j) of section 203
- 4 of the Federal Property and Administrative Services Act
- 5 of 1949 (40 U. S. C., sec. 484) is amended by inserting
- 6 immediately after “(2)” the following: “No property (in-
- 7 cluding property capitalized in a working-capital fund) shall
- 8 be sold under this or any other Act as surplus property
- 9 until it has been determined whether or not such property

1 is usable and necessary for educational purposes or public
2 health purposes, including research.”

3 (b) Paragraph (2) of such subsection is further
4 amended by striking out “the Federal Security Administra-
5 tor” and inserting in lieu thereof the following: “, or under
6 regulations issued by, the Secretary of Health, Education,
7 and Welfare”.

8 SEC. 2. Paragraph (2) of subsection (k) of section
9 203 of the Federal Property and Administrative Services
10 Act of 1949 is amended by inserting “real” immediately
11 before “property” where it appears in subparagraphs (A)
12 and (B).

13 SEC. 3. Section 203 of the Federal Property and Ad-
14 ministrative Services Act of 1949 is amended by adding at
15 the end thereof the following new subsection:

16 “(m) The Secretary of Health, Education, and Welfare,
17 or the head of any Federal agency designated by the Secre-
18 tary, is authorized to enter into cooperative agreements with
19 State departments of education or health, and with other
20 State agencies, which are responsible for carrying out in
21 the States the program for the utilization of surplus property
22 for educational purposes and health purposes provided for
23 in subsections (j) or (k) of this section. Such cooperative
24 agreements may provide that either the Federal agency or
25 the State agency will assume responsibility for a part of the

1 duties of the other agency which relate to such program, and
2 that either such agency will make available to the other
3 agency such property, personnel, or funds as may be neces-
4 sary to enable it to perform such duties.”

5 SEC. 4. Subsection (d) of section 602 of the Federal
6 Property and Administrative Services Act of 1949 is
7 amended by inserting after “Nothing in this Act” the fol-
8 lowing: “(including the first sentence of section 203 (j)
9 (2))”.

10 SEC. 5. No restrictions or conditions on the utilization
11 of surplus personal property donated or sold at a discount
12 for educational purposes or public health purposes, includ-
13 ing research, prior to the enactment of this Act under the
14 Federal Property and Administrative Services Act of 1949
15 or any other Act dealing with the disposal of surplus prop-
16 erty shall remain in effect after one year after the enactment
17 of this Act.

84TH CONGRESS
1ST SESSION

H. R. 3322

A BILL

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

By Mr. McCORMACK

JANUARY 31, 1955

Referred to the Committee on Government Operations

revenue is one of the best checks upon extravagant and unwise expenditures. It is too easy to spend money raised by someone else.

Moreover, the States and municipalities are better fitted than the Federal Government to perform the services which are primarily of State or local concern and they would do so at much less cost. Performance of these services by the Federal Government has meant the maintenance at great cost of a vast horde of bureaucrats on the Federal payroll, many of whom could readily be dispensed with.

To summarize, the proposed amendment—

First. Largely eliminates from our Federal system of taxation its socialistic features and thereby puts an end to the use of the taxing power as means of forcing us into socialism;

Second. Does not impair the power of the Federal Government to raise revenue;

Third. Does not shift the burden of taxation from the rich to the poor;

Fourth. Aims at reducing eventually the taxes of everyone so that the top rate will not exceed 25 percent and the bottom rate will not exceed 10 percent, with the prospect that it will be much less;

Fifth. With lower rates will increase the national wealth and over the years the Federal revenue;

Sixth. Will restore to the States the power to be financially independent and to free themselves from Federal domination.

In the final analysis the problem resolves itself into the simple issue of whether we are to have in this country a system of society based upon, first, private enterprise and our constitutional form of government; or second, socialism. Both reason and the experience of other countries lead to the conclusion that our present system of confiscatory income and taxes, if long continued, will ultimately result in the establishment of socialism in place of our present system.

The changes in the impact of Federal taxes on the great bulk of the taxpayers involved in the proposed amendment are, as I pointed out, comparatively minor. Their beneficial effect, however, would be far reaching and decisive.

The changes in the income-tax provisions proposed in connection with and partially effected by the 1954 Revenue Code, such as reductions in the tax on dividends and increases in certain deductions and exemptions, are costly in revenue and will have only minor effect on the economy. The major evil to be corrected is the one at which the proposed amendment is aimed.

I cannot emphasize too strongly that this amendment is vastly different from the amendment which has been going through the State legislatures, an amendment which limits the power of Congress to impose income, death, and gift taxes to a maximum rate of 25 percent with no right to suspend the limitation except in time of war. That amendment is altogether too rigid and would seriously impair the Government's power to raise needed revenue from the income tax in time of peace.

The text of the resolution I have this day introduced is as follows:

House Joint Resolution 182

Joint resolution proposing an amendment to the Constitution of the United States relative to taxes on incomes, inheritances, and gifts

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. The 16th article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration. The maximum top rate (a term which shall mean the aggregate of all top rates) of all taxes, duties, and excises which the Congress may lay or collect on, with respect to, or measured by, income shall not exceed 25 percent: *Provided, however,* That the Congress by a vote of three-fourths of all the Members of each House may fix such a maximum top rate in excess of 25 percent, for periods, either successive or otherwise, not exceeding 1 year each, if such rate so fixed does not exceed the lowest rate (a term which shall mean the aggregate of all lowest rates) by more than 15 percentage points. Subject to the foregoing limitations, the rates of tax applicable to the incomes of individuals may be different from the rates applicable to the incomes of corporations, which term shall include also associations, joint stock companies, and insurance companies. The determination of income subject to tax shall be by uniform rules of general application which shall not vary with the size of the income.

"SEC. 3. The Congress shall have no power to lay or collect any tax, duty, or excise with respect to the devolution or transfer of property, or any interest therein, upon or in contemplation of or intended to take effect in possession or enjoyment at or after death, or by way of gift.

"SEC. 4. Sections 1 and 2 shall take effect at midnight on the 31st day of December following the ratification of this article. Nothing contained in this article shall affect the power of the United States after said date to collect any tax on, with respect to, or measured by, income for any period ending on or prior to said 31st day of December laid in accordance with the terms of any law then in effect.

"SEC. 5. Section 3 shall take effect at midnight of the day of ratification of this article. Nothing contained in this article shall affect the power of the United States after said date to collect any tax with respect to any devolution or transfer occurring prior to the taking effect of section 3, laid in accordance with the terms of any law then in effect."

GROWING CRISIS IN EDUCATION

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. McCORMACK] is recognized for 5 minutes.

Mr. McCORMACK. Mr. Speaker, the papers and magazines daily carry informed articles on the growing crisis in education. The Washington Post last Friday had a front page story on Emer-

gency Action Asked on Schools. Senate and House hearings and reports confirm the conclusion that there has been much study and little action in this vital field. It is the present generation which needs help. The time is now—the children are here. The need to develop every youngster's full potentialities as an American heritage need not be debated. The need to develop the full potentialities of our human resources in our struggle for freedom need not be debated.

While the crisis in education is currently in the limelight, we are all aware also of the great shortage in doctors, nurses, dentists, and health facilities generally in this land of plenty.

As the situation worsens daily, I find that a great source of help is being denied to school and health institutions of the Nation as the result of faulty administration and the lack of coordination between responsible executive agencies.

The Federal Property and Administrative Services Act of 1949 provided that useful and needed surplus Government property if so determined by the Secretary of Health, Education, and Welfare might be allocated by the Secretary to educational and health agencies. The program has been of great help to thousands of institutions during the past 6 years. In fact, hundreds of millions of dollars worth of real and personal property has been donated for such purposes. I should not say "donated," as the property belongs to the taxpayers who prefer to use it rather than see it given away for 5 or 6 or 7 cents on the dollar. At any rate, many educational and health institutions report that this property has enabled them to continue to operate during the growing crisis the past few years.

Most of the property has come from the military services which use so much of the tax base of the Nation and State that local needs cannot be met. War and other emergencies place great though necessary burdens on our citizens. I find, however, that a regulation issued by Comptroller McNeil of the Department of Defense on February 1, 1954, has had the effect of abrogating the carefully considered and expressed intent of Congress with respect to the school and health surplus property program.

The regulation causes much of otherwise donable property to be capitalized into stock-fund arrangements. Such property though surplus to needs of holding agencies cannot be donated under the regulation but must be sold. May I add that Government agencies do not own property—they are merely custodians for the people of the United States.

Huge auction and bid sales have been and are being held throughout the land with the average gross return amounting to 6 to 7 percent of cost. Some returns are considered substantial. That is, they bring 40 to 50 percent on the dollar.

Taxpayers, who know of the growing crisis in education and health have complained by the hundreds to the Departments of Health, Education, and Welfare, the Department of Defense, the

Budget Bureau, and the White House. There has been no corrective action in a year though studies continue to be made day by day.

It is my understanding that the President will transmit a message to Congress on February 15 respecting the crisis in education which is so familiar to him because of his work at Columbia University and in the White House. I am looking forward to this message with great anticipation. I am sure that the general public awaits it also and perhaps with a degree of apprehension and concern.

In the meantime, I am today, introducing a bill which I consider necessary to correct the donable surplus property program where a regulation issued by an executive department has set aside the will of Congress which alone under the Constitution has the authority to make all needful rules and regulations concerning the Nation's property. Mr. Speaker, I urge that this bill be referred to the proper committee for speedy action.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. SHEPPARD (at the request of Mr. DOYLE) and to include related matter.

Mr. PRICE and to include a resolution.

Mr. WATTS and to include an editorial.

Mr. DENTON and to include statements made before the Committee on Ways and Means on January 28.

Mr. MILLER of California.

Mr. O'HARA of Illinois.

Mr. JONES of Missouri in two instances and to include editorials.

Mr. ROOSEVELT.

Mr. METCALF in two instances and to include extraneous matter.

Mr. TUMULTY and to include two resolutions concerning problems of the lace and embroidery industry.

Mr. RIVERS and to include an editorial Friend in Spain.

Mr. BOLAND and to include an editorial.

Mr. WALTER and to include an editorial.

Mr. GROSS and to include an editorial from the Progressive Farmer.

Mr. McDONOUGH and to include a statement concerning the Natural Gas Act.

Mr. KEATING in three instances and to include extraneous matter.

Mr. MASON and to include an editorial.

Mr. HILLINGS in two instances and to include extraneous matter.

Mr. GAVIN in two instances and to include editorials.

Mr. AYRES and to include an editorial.

Mr. HOSMER in two instances and to include extraneous matter.

Mr. DEROUNIAN and to include an article.

Mr. CEDERBERG (at the request of Mr. DEROUNIAN) in two instances and to include an editorial in each.

Mr. KING of Pennsylvania and to include an editorial.

Mrs. ROGERS of Massachusetts and to include an article.

Mr. NORBLAD in three instances and to include editorials.

Mr. JOHNSON of California and to include a magazine article.

Mr. MILLER of Nebraska.

Mr. FLOOD in two instances and in one to include an editorial.

Mr. SCOTT and to include extraneous matter.

Mr. MCCORMACK and to include extraneous matter.

Mr. ZABLOCKI and to include extraneous matter.

Mr. EDMONDSON and include extraneous matter.

Mr. SMITH of Wisconsin (at the request of Mr. DAVIS of Wisconsin).

Mr. BURDICK.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BARTLETT, for the week beginning February 1, 1955, on account of official business.

Mr. CHIPERFIELD (at the request of Mr. MARTIN), for an indefinite time, on account of illness in the family.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on January 29, 1955, present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 159. Joint resolution authorizing the President to employ the Armed Forces of the United States for protecting the security of Formosa, the Pescadores and related positions and territories of that area.

ADJOURNMENT

Mr. DOYLE, Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 47 minutes p. m.), under its previous order, the House adjourned to Wednesday, February 2, 1955, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

339. A letter from the Under Secretary of Agriculture, transmitting a draft of proposed legislation entitled "A bill to amend section 8 (e) of the Soil Conservation and Domestic Allotment Act"; to the Committee on Agriculture.

340. A letter from the Attorney General, transmitting a report relative to the appropriation, "Salaries and expenses, United States attorneys and marshals," pursuant to subsection (h) of section 1211 of Public Law 759, approved September 6, 1950; to the Committee on Appropriations.

341. A letter from the Administrative Assistant, Secretary of the Interior, transmitting a report relative to the Report on Status of Appropriation Accounts for the period ended September 30, 1954, for the appropriation "Operation and maintenance, Southwestern Power Administration, 1954," pursuant to subsection (1) of section 3679 of the

Revised Statutes, as amended; to the Committee on Appropriations.

342. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation entitled "A bill to amend section 5240 of the Revised Statutes, as amended, relating to the examination of national banks"; to the Committee on Banking and Currency.

343. A letter from the President, Board of Commissioners, Government of the District of Columbia, transmitting a report of the Government of the District of Columbia for the fiscal year ended June 30, 1954, pursuant to section 12 of the act approved June 11, 1878 (20 Stat. 108); to the Committee on the District of Columbia.

344. A letter from the vice president, the Chesapeake & Potomac Telephone Co., transmitting a statement of receipts and expenditures of the Chesapeake & Potomac Telephone Co. for the year 1954, pursuant to chapter 1628, acts of Congress 1904; to the Committee on the District of Columbia.

345. A letter from the vice president, the Chesapeake & Potomac Telephone Co., transmitting a comparative general balance sheet of the Chesapeake & Potomac Telephone Co. for the year 1954, pursuant to paragraph 14 of the act of March 14, 1913; to the Committee on the District of Columbia.

346. A letter from the president, Capital Transit Co., transmitting a report of operations of the company with balance sheet as of December 31, 1954, pursuant to section 10 of an act of Congress approved June 10, 1896, and paragraph 14 of section 8 of an act of Congress approved March 4, 1913 (Public Law 435); to the Committee on the District of Columbia.

347. A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a draft of proposed legislation entitled "A bill to strengthen and improve State and local programs to combat and control juvenile delinquency"; to the Committee on Education and Labor.

348. A letter from the Secretary of State, transmitting a draft of proposed legislation entitled "A bill to amend the joint resolution providing for membership and participation by the United States in the World Health Organization and authorizing an appropriation therefor"; to the Committee on Foreign Affairs.

349. A letter from the Acting Chairman, Civil Aeronautics Board, transmitting the annual report of the Civil Aeronautics Board covering fiscal year 1954; to the Committee on Interstate and Foreign Commerce.

350. A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a draft of proposed legislation entitled "A bill to improve the health of the people by encouraging the extension of voluntary prepayment of health services plans, facilitating the financing of construction of needed health facilities, assisting in increasing the number of adequately trained nurses and other health personnel, improving and expanding programs of mental health and public health, and for other purposes"; to the Committee on Interstate and Foreign Commerce.

351. A letter from the Secretary of the Interior, transmitting a report on the activities of, expenditures by, and donations to the Bureau of Mines, Anthracite Research Laboratory located at Schuylkill Haven, Pa., for the calendar year 1954, pursuant to the act of December 18, 1942, (56 Stat. 1056); to the Committee on Interior and Insular Affairs.

352. A letter from the Secretary of the Interior, transmitting a report on the activities of, expenditures by, and donations to the Lignite Research Laboratory, Grand Forks, N. Dak., for the calendar year 1954, pursuant to the act of March 25, 1948 (62

84TH CONGRESS
1ST SESSION

S. 1004

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 1955

Mr. McCLELLAN (for himself, Mr. BENDER, Mr. CARLSON, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CLEMENTS, Mr. DANIEL, Mr. DOUGLAS, Mr. ERVIN, Mr. GEORGE, Mr. HUMPHREY, Mr. JACKSON, Mr. KENNEDY, Mr. MANSFIELD, Mr. MUNDT, Mr. MCCARTHY, Mr. NEELY, Mr. PASTORE, Mr. STENNIS, Mr. SYMINGTON, Mr. THURMOND, and Mr. WILEY) introduced the following bill; which was read twice and referred to the Committee on Government Operations

A BILL

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) paragraph (2) of subsection (j) of section 203
4 of the Federal Property and Administrative Services Act
5 of 1949 (40 U. S. C., sec. 484) is amended by inserting
6 immediately after “(2)” the following: “No property (in-
7 cluding property capitalized in a working-capital fund) shall

1 be sold under this or any other Act as surplus property
2 until it has been determined whether or not such property
3 is usable and necessary for educational purposes or public
4 health purposes, including research.”

5 (b) Paragraph (2) of such subsection is further
6 amended by striking out “the Federal Security Administra-
7 tor” and inserting in lieu thereof the following: “, or under
8 regulations issued by, the Secretary of Health, Education,
9 and Welfare”.

10 SEC. 2. Paragraph (2) of subsection (k) of section
11 203 of the Federal Property and Administrative Services
12 Act of 1949 is amended by inserting “real” immediately
13 before “property” where it appears in subparagraphs (A)
14 and (B).

15 SEC. 3. Section 203 of the Federal Property and Ad-
16 ministrative Services Act of 1949 is amended by adding at
17 the end thereof the following new subsection:

18 “(m) The Secretary of Health, Education, and Welfare,
19 or the head of any Federal agency designated by the Secre-
20 tary, is authorized to enter into cooperative agreements with
21 State departments of education or health, and with other
22 State agencies, which are responsible for carrying out in
23 the States the program for the utilization of surplus property
24 for educational purposes and health purposes provided for
25 in subsections (j) or (k) of this section. Such cooperative

1 agreements may provide that either the Federal agency or
2 the State agency will assume responsibility for a part of the
3 duties of the other agency which relate to such program, and
4 that either such agency will make available to the other
5 agency such property, personnel, or funds as may be neces-
6 sary to enable it to perform such duties.”

7 SEC. 4. Subsection (d) of section 602 of the Federal
8 Property and Administrative Services Act of 1949 is
9 amended by inserting after “Nothing in this Act” the fol-
10 lowing: “(including the first sentence of section 203 (j)
11 (2))”.

12 SEC. 5. No restrictions or conditions on the utilization
13 of surplus personal property donated or sold at a discount
14 for educational purposes or public health purposes, includ-
15 ing research, prior to the enactment of this Act under the
16 Federal Property and Administrative Services Act of 1949
17 or any other Act dealing with the disposal of surplus prop-
18 erty shall remain in effect after one year after the enactment
19 of this Act.

A BILL

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

By Mr. McClellan, Mr. Bender, Mr. Carlson, Mr. Case of South Dakota, Mr. Chavez, Mr. Clements, Mr. Daniel, Mr. Douglas, Mr. Ertvin, Mr. George, Mr. Humphrey, Mr. Jackson, Mr. Kennedy, Mr. Mansfield, Mr. Mundt, Mr. McCarthy, Mr. Neely, Mr. Pastore, Mr. Stennis, Mr. Symington, Mr. Thurmond, and Mr. Wiley

FEBRUARY 8, 1955

Read twice and referred to the Committee on
Government Operations

try he has spread in his many travels throughout the world.

Detroit is proud of the work of its community leaders and is proud that it was selected as the official American site by our Olympic Association.

But this honor and the opportunity to make a substantial contribution to international good will would not be for Detroit alone. The entire Nation would share in this enterprise. The athletic eyes of the world would be focused on our great country for the entire year of 1960 should the Olympic games be awarded to us.

Detroit business leaders are confident that Detroit and nearby communities in Michigan could master the enormous problems involved in such an undertaking.

It has been estimated that staging of the games would cost \$12 million. This would be spent for housing and other special facilities needed for the thousands of athletes and guests who would participate in the Olympics.

Detroit is fortunate in having at hand adequate stadia and athletic plants required for the Olympics. In nearby Ann Arbor, home of the University of Michigan, there is a stadium which seats nearly 100,000 people. Detroit and Ann Arbor are linked by modern divided expressway highways.

In addition within the city of Detroit there are the great athletic facilities of the University of Detroit, which only recently completed a new \$5 million field house and Olympia stadium, an indoor arena of suitable size.

Detroit is blessed with great natural advantages, being situated on the Detroit River, the busiest waterway in the world, and closely adjacent to Lakes Erie, St. Clair, and Huron, three of the Great Lakes.

Then, too, Detroit has excellent transportation advantages, being linked with the rest of America and the world by the great airlines, railroads, and highways.

Detroit has two modern airports and plans are in the making for a third major airport, servicing national and international flights. Detroit is served by five of America's great railroads—New York Central, Baltimore & Ohio, Pennsylvania, Wabash, and Chesapeake & Ohio—and has a direct link by rail with Canada, our good neighbor to the north and one of the world's great countries. Windsor, Ontario, Canada, is only a 5-minute car ride by way of bridge and tunnel across the Detroit River.

Detroit, too, is linked with the world by sealanes. Detroit is fast becoming one of the world's busiest ports and the development of the St. Lawrence seaway will add to the city's growth.

In every respect Detroit more than meets the needs of this country in staging a successful Olympiad.

There is even a greater resource not yet mentioned. That is the planning knowhow of our great industrial and community leaders. These are the men and women who mobilized industry to meet this country's needs in World War II and since. These are leaders of vision

and ability, people from whom great things can be expected at any time.

Detroit can quite properly boast of an enthusiastic citizenry to back up its leaders. As has been proved dramatically in the past, Detroit can get big jobs done.

But because the benefits of playing host to the 1960 Olympic games go beyond the borders of any city or State, I would suggest to my colleagues in the Congress that staging these games should be a national responsibility.

In the past the host city has been solely responsible for holding the international games in this country. The most recent example was Los Angeles, which successfully handled the games in 1932, the last time the games were held in this country.

In view of the international aspect of the Olympic games and the fact that benefits would accrue to the entire country, I most seriously suggest that the Congress consider sharing the financial costs involved with the city of Detroit, should the games be awarded to this country. No other country places the entire financial burden on the host city.

This is a matter to which we can give more serious attention at a later date, but basic planning must be begun as soon as the International Olympic Committee makes a favorable decision on the invitation of this Nation.

At any rate this resolution deserves the unqualified support of each Member of the House. There is no partisan flavor to this resolution. It is a challenge to the pride of America and the Congress should go on record in support of this country's Olympic Association in endorsing the city of Detroit as host for the 1960 Olympic games.

The resolution was agreed to, and a motion to reconsider was laid on the table.

THE LATE HONORABLE RUSH DEW HOLT

The SPEAKER. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, the untimely passing of Rush D. Holt, a former United States Senator from Weston, W. Va., at the Federal Research Clinic, at Bethesda, on Tuesday, reminds us again of the uncertainty of life and the certainty of death.

Rush Dew Holt was born June 19, 1905, at Weston, W. Va. He was elected to the United States Senate in the year 1934 at the age of 29 years, and served 1 term. He has been a member of the West Virginia House of Delegates for many years, both prior and subsequent to his service in the United States Senate, having first been elected at the age of 25 years.

The former schoolteacher was still 6 months short of the required 30 years in November 1934 and did not take his Senate seat until June 19, 1935.

Age had always been a thorn in the side of the "boy wonder." He graduated from high school in his native Weston at 14. He was turned down at

the University of Cincinnati as too young. Instead, he went to small Salem College, West Virginia. He later received degrees from LaSalle University and West Virginia University. Before entering politics seriously, Mr. Holt served as a teacher or instructor at Bedford (Va.) High School, Salem College, and Glenville (W. Va.) State Teachers College. He married the former Helen Froelich, of Gridley, Ind., a teacher at the old National Park College, Forest Glen, Md., in June 1941. They had two children, a daughter Helen, and a son, Rush, Jr.

Rush Dew Holt was the son of Dr. Matthew Holt, a Weston physician and editor. His mother was the former Mrs. Lele Dew. Mr. Holt was an able, conscientious young man and citizen. He had deep convictions with respect to what he believed to be right and wrong. He stuck with those convictions and did not hesitate to express his views.

The passing of Mr. Holt was not unexpected. He had been in failing health for many months and unable to qualify as a member of the House of Delegates of the West Virginia Legislature now in session.

To his grieving wife and family, I extend my sincere and heartfelt sympathy. May our God who looks over the destinies of us all give them strength and courage to bear their sorrow.

A CAFETERIA AND A DINING ROOM FOR HOUSE LEGISLATIVE EMPLOYEES AND FOR THE REPRESENTATIVES IN CONGRESS

(Mr. HOFFMAN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Speaker, while I know of no one who is opposed to the project which would provide an adequate and comfortable eating place for legislative employees of the House, who number more than 1,500, and Members of Congress, who number 435, previous attempts to provide those adequate facilities bogged down.

Permit me to suggest that legislative employees and Members of the House write the Speaker and the minority leader, telling why she or he favors this move.

The only reason for this suggestion is that I personally know of no one opposed to it, but we know that the assistance of the Speaker and the minority leader will give us what we all want before the House adjourns late this summer or early next fall.

The recent message from the President of the United States among other things stated in reference to health insurance the following:

To the Congress of the United States:

Because the strength of our Nation is in its people, their good health is a proper national concern; healthy Americans live more rewarding, more productive and happier lives. Fortunately, the Nation continues its advance in bettering the health of all its people.

CALENDAR WEDNESDAY BUSINESS DISPENSED WITH

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ADJOURNMENT UNTIL MONDAY NEXT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. ALLEN of Illinois. Mr. Speaker, reserving the right to object, I do this solely for the purpose of inquiring what the program for next week will be. I think the Members would like to know.

Mr. McCORMACK. I am very happy that my friend from Illinois made the inquiry.

There is no business on Monday or Tuesday.

Wednesday we will consider H. R. 3828, the pay-raise bill for judges, some of the officials of the Department of Justice, and the Members of Congress.

Thursday and Friday, if a rule is reported out, which I expect, H. R. 1, the extension of the Reciprocal Trade Agreements Act, will come up.

Mr. ALLEN of Illinois. Will the soldier-ballot bill come up?

Mr. McCORMACK. No. That matter is before the Committee on Rules, and I understand, as the result of hearings, further consideration of one of the titles of the bill is going to be given by the Committee on House Administration. It may be that we can bring it up if the matter is adjusted, but I cannot announce it in the program at this particular time.

Mr. ALLEN of Illinois. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

(Mr. McCORMACK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCORMACK. Mr. Speaker, on January 31, I introduced a bill, H. R. 3322, that is of deep interest to every Member of this body. This bill would amend the Federal Property and Administrative Services Act of 1949 and make clear beyond any doubt what the Congress meant when it said in 1949 and 1950 that surplus property, both real and personal, no longer needed by the Federal Government and which is needed and useful for educational and health purposes may be donated for such purposes.

Since introducing this bill I have received many calls from Members of this body, indicating very clearly that they have just as deep an interest in this matter as I.

Because of the expressed approval and deep interest that has been shown, I have found it desirable to schedule hearings before the Subcommittee on Donable Property of the Committee on Government Operations beginning next Tuesday, February 15, in room 1301, New House Office Building at 10 a. m. I hope that all members will make note of this time and place and be present either on this day or the next following days.

I am pleased to announce that Senator McCLELLAN and 21 cosponsors have introduced an identical bill in the Senate—Senate bill 1004—and Senator McCLELLAN made an excellent statement in the RECORD of February 7 concerning this matter.

Mr. Speaker, I regret that it is again necessary to hold hearings, issue reports and enact legislation on this subject. I thought that the Congress after a thorough investigation of the matter in 1949 had clearly expressed itself in Public Law 152, and reiterated its directions in Public Law 754 on September 5, 1950.

The fact is, however, that the Department of Defense has in recent months established its own regulations and requirements in such a manner, that the intent of the laws passed by Congress have been brushed aside, and as a consequence, the donation program is in very great danger.

In a similar and related situation, the gentleman from Missouri [Mr. CURTIS] has epitomized the matter in words that compel my admiration and exactly reflect my views.

In a letter to the Secretary of Defense, dated January 19, this year, Congressman CURTIS stated:

In my opinion this is directly contrary to the laws by the Congress in words and certainly in intent. It is directly contrary to the statement of policy as expressed by the President from time to time. In my judgment this is one more instance where the Congress in proper fulfillment of its constitutional authority has written laws and the Military Establishment has sought to subvert these laws.

The important fact is that the Comptroller of the Department of Defense has issued a recent regulation based on a permissive law dealing with a related subject. As a result, large inventories of military property have been capitalized into stock funds which, by Department of Defense interpretation, means that such property, though useful and needed for education and health purposes, is no longer eligible for donation.

Instead, property of great public usefulness, is being sold in quantities all over the country at a very small return to the Government.

We all know of the dire needs in the fields of education and public health. I submit that by donating Federal property of no further Federal usefulness to these suffering institutions, we are making the most beneficial disposition of Government property.

As Members of the Congress, we are called upon to make contributions of our

surplus food and property to foreign countries. We find it to be in our enlightened self-interest to do so. What about enlightened self-interest at home? What about our own institutions that need assistance?

May I paraphrase a well-known axiom, "giving begins at home."

May I also point out that the total donations for educational and health use from the surplus disposal program, is a small fraction of the total now being sold on the American market.

Since the donation program started, hundreds of schools and hospitals have received help. Many have found that even small amounts of surplus Federal property to be a godsend in carrying them over the long emergency period which may yet last a generation. Over and over again they have testified that without this property, it would have been difficult if not impossible to have coped with the swollen school enrollments and hospital loads.

If the Federal Government sells something that cost a dollar and only gets a few pennies return, and if this same property is really useful and needed by our schools and hospitals, I say give it to them for nothing.

It is only common sense to do so, and thereby lighten the load for which we as Members of Congress have at least some responsibility. This was our intent when the Congress passed Public Laws 152 in 1949 and Public Law 754 in 1950. Now we find that the Department of Defense, from which 85 percent of the surpluses come, is making ineffective the wishes of Congress, is bypassing these laws, because it chooses to do so.

It is claimed by the Department of Defense that the donation program is obtaining increasing amounts of property. This is misleading. The truth is that the disposal program in the military agencies has been enormously accelerated but the dollar value going to educational and health purposes while increasing slightly in some States, does not tell the story of the percentage-wise reduction. Much surplus property of great value for school and hospital use is not being offered for such purposes but is being sold to the highest bidder.

It is most important that immediate action be taken on this bill, which will reaffirm what Congress wants done with this surplus property, because more large sales are scheduled for the near future.

Under the Constitution, Congress has the sole right and obligation to control the sale of all Government-owned property. The passage of this act will indicate in no uncertain terms what the Congress wants done.

The taxes that American citizens paid to the Federal Government bought this property, the public owns it, not Federal agencies, and all this bill will do is to see that the public utilizes for good purposes what it already owns.

WHEAT MARKETING QUOTA PROVISIONS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 145) to



3/4/55

Sen. Bush inserted the transcript of a discussion between himself and Joseph L. Talbot (Tariff Commission) on the President's foreign economic policy, wherein both were in favor of retention of the peril-point and escape-clause provisions in reciprocal trade agreements (pp. 2024-5).

13. PERSONNEL. Sen. Neuberger spoke in favor of giving persons accused of security violations the right to face their accusers, and he inserted a newspaper editorial on this subject (pp. 2030-1).
14. MONOPOLIES. Sen. Capehart inserted a history of Government agency actions during the past 5 years on S. 780 and S. 11, bills having opposite purposes in amending the Robinson-Patman Act relative to price discrimination by retailers (pp. 2027-30).
15. ADJOURNED until Tues., Mar. 8 (p. 2039). Legislative program for Tues., as announced by Sen. Clements: Bills to authorize Federal land banks to purchase remaining FETC assets; to repeal the revolving fund for purchase, processing, and sale of agricultural commodities and raw materials in occupied areas; and to authorize increase of CEA fees (p. 2037).

HOUSE - March 4

16. SURPLUS PROPERTY. The Subcommittee on Donable Property approved for reporting to the Government Operations Committee, with amendments, H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949 relative to the utilization of surplus property for education, etc. (p. D166).

ITEMS IN APPENDIX

17. TRANSPORTATION. Rep. Knutson inserted a Minn. House of Representatives resolution urging Congress to support measures to restore package freight service (pp. A1398-9).
18. PERSONNEL. Extension of remarks of Rep. Pelly requesting CSC to review the career conditional appointment system and discussing some of the problems which have arisen in connection with this new system (p. A1399).
19. TOBACCO. Extension of remarks of Rep. Abbitt stating that "the burley-type tobacco program is not operating as it should or as the Congress had contemplated" and inserting USDA's recommendations for changes in legislation (pp. A1401).
20. WATER UTILIZATION. Rep. George inserted a Kansas City Star editorial, "High Priority For Water", stating that the great problem facing Kans. is more efficient use of its water and urging a conservation program (p. A1404).
21. ACP. Speech of Rep. Berry favoring H. R. 1573, which would repeal ACP tie-in with acreage allotments (p. A1407).
22. FUTURE FARMERS. Rep. Knutson inserted a Frazee (Minn.) Times article commemorating the 25th anniversary of the Minn. Future Farmers of America (p. A1417).

23. GRAIN STORAGE. Rep. Green inserted a resolution favoring storage of grain at Cathlamet Basin, near Astoria, Oreg. and also a letter he received from the mayor of Portland, Oreg. discussing CCC meeting on program for ship storage of surplus wheat (p. A1418).
24. CONSERVATION. Sen. Curtis inserted his statement commending the Republican Valley Conservation Ass'n and stating that "it has built a reputation for effective promotion of flood control, and irrigation in the upper Republican River watershed" (pp. A1430-2).
25. PRICE SUPPORTS. Sen. Langer inserted a constituent's letter urging "90-percent rigid supports" (pp. A1434-5).
26. EDUCATION. Sen. Hill inserted and commended Dr. Carr's (exec. secretary, Natl. Education Ass'n) recent address, "Current Issues in Education," in which he states that during all the years the Federal Government has given assistance to the land-grant colleges it has not controlled instruction in a single classroom (pp. A1435-7).
27. FORESTRY. Sen. Neuberger inserted an Oregon State Grange Bulletin article, "Three Sisters Wilderness Region Being Threatened," objecting to the "scaling down" of the size of the wilderness area in the Willamette National Forest (pp. A1439-40).
28. CIVIL DEFENSE. Sen. Payne inserted and commended a Lewiston (Me.) Daily Sun editorial favoring establishment of a special civil defense commission and recommending the dispersal of industry. (p. A1440).
29. MONOPOLIES. Sen. Hill inserted and commended James M. Mead's (FTC) statement recommending strengthening of the Clayton Antitrust Act and making the FTC a more effective instrument of national antitrust policy (pp. A1440-1).
30. GRAIN. Rep. Rhodes inserted a magazine article urging increased appropriations for the grain inspection program, claiming that this program has been blocked by the grain lobby and an agreement between FDA and USDA to set aside temporarily certain enforcements, and stating that USDA spends 12 times as much for the inspection of meat and meat products each year as it does for grain inspection (pp. A1447-8).

COMMITTEE HEARINGS RELEASED BY GPO

31. SOIL CONSERVATION. H. R. 1573, 1832, 1859, 2415, and other bills to repeal ACP tie-in with acreage allotments. H. Agriculture Committee.

BILLS INTRODUCED

32. COTTON. H. R. 4615, by Rep. Hagen, to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to Agriculture Committee (p. 1996).
33. SMALL BUSINESS. H. R. 4628, by Rep. Van Zandt, to amend the Small Business Act of 1953 to authorize loans to be made by the Small Business Administration to municipalities having a substantial labor surplus; to Banking and Currency Committee (p. 1996). Remarks of author (pp. 1993-4).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 11, 1955
For actions of March 10, 1955
84th-1st, No. 43

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HIGHLIGHTS: House committee reported 90% price-support bill. House committee voted to report donor surplus property bill. Rep. Cannon urged action to increase farm income. Sen. Humphrey urged less milk-price control in milksheds. Senate debated tax bill. Senate committee reported Federal employees' pay increase bill.

HOUSE

1. PRICE SUPPORTS. The Agriculture Committee reported with amendment H. R. 12, to reestablish 90% price supports for basic commodities, provide a two-price plan for wheat, provide for 80-90% supports on dairy products, extend the brucellosis program, and increase the school-lunch program (H. Rept. 203)(p. 2242).
2. SURPLUS PROPERTY. The Government Operations Committee voted unanimously to report with amendments H. R. 3322, to "improve the administration of the program for the utilization of surplus property for educational and public health purposes" (p. D186).
3. MONOPOLIES. A subcommittee reported to the Judiciary Committee H. R. 3658, to amend the Clayton Act by granting a right of action to the U. S. to recover damages under the antitrust laws (p. D187).
4. LOYALTY DAY. The Judiciary Committee reported without amendment H. J. Res. 184, to designate May 1, 1955, as Loyalty Day (H. Rept. 199)(p. 2242).
5. FARM INCOME. Rep. Cannon deplored decreases in farm income and urged action on this matter (pp. 2202-3).
6. ELECTRIFICATION. Rep. Abernethy discussed progress which has been made in producing electricity from atomic energy (p. 2204).

7. RECLAMATION. Rep. Hill and others commended the accomplishments of the Bureau of Reclamation (pp. 2233-8).
8. FLAMMABLE FABRICS. Received from the Commerce Department a proposed bill to amend the Flammable Fabrics Act so as to exempt scarves which do not present an unusual hazard; to Interstate and Foreign Commerce Committee (p. 2242).
9. RESEARCH APPROPRIATIONS. Received from the Association of Southern Agricultural Workers, forestry section, a petition for increased appropriations for agricultural research (p. 2246).
10. ADJOURNED until Mon., Mar. 14 (p. 2242). The Appropriations Committee was authorized to report the Treasury-Post Office bill during adjournment (p. 2203). The Committee was authorized to report the State, Justice, Judiciary bill on Apr. 13 and have it debated that day. Rep. McCormack announced the legislative program for next week as follows: Mon., Judiciary investigations; Tues., Consent and Private Calendars, Treasury-Post Office appropriation bill; Wed. and Thurs., rubber-plants disposal and perhaps the donor surplus-property bill; Fri., second supplemental appropriation bill for 1955 (p. 2231).

SENATE

11. MILK MARKETING. Sen. Humphrey criticized the extent of price control in connection with milk marketing orders in the milksheds and recommended additional opportunities for the Midwest (pp. 2165-7).
12. TRADE AGREEMENTS. Sen. O'Mahoney recommended an amendment to H. R. 1, the trade agreement bill, to require congressional approval before an agreement becomes effective (pp. 2155-6).
Sen. Malone inserted a Nev. Legislature resolution opposing the trade-agreements program (pp. 2164-5).
13. ROADS. Sen. Byrd inserted various statements discussing the needs for additional roads and suggesting programs for this purpose (pp. 2169-73).
14. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 67, to increase the pay of Federal employees (S. Rept. 58)(p. 2151).
15. TRAVEL EXPENSES. Both Houses received from the Budget Bureau a proposed bill to amend Sec. 3 of the Travel Expense Act of 1949, as amended, to provide an increased maximum per diem allowance for subsistence and travel expenses; to Government Operations Committees (pp. 2146, 2242).
16. TAXATION. Began debate on H. R. 4259, to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption (pp. 2173-99). This bill as reported would delete the \$20 tax credit provision. Received the minority report on the bill (pt. 2 of S. Rept. 36)(p. 2151).
17. NOMINATION. The Government Operations Committee ordered favorably reported the nomination of Joseph Campbell to be Comptroller General of the U. S. (p. D183).
18. MONOPOLIES. The Rules and Administration Committee reported without amendment S. Res. 61, authorizing a study of the antitrust laws and their administration (S. Rept. 50) (p. 2150).

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 15, 1955
For actions of March 14, 1955
84th-1st, No. 45

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HIGHLIGHTS: House committee submitted minority views on 90% price-support bill. House committee reported Treasury-Post Office appropriation bill. Both Houses received Hoover Commission report on lending agencies, and Rep. Holifield criticized it. House subcommittee ordered reported Federal employees' uniform allowance bill. Rep. Edmondson criticized drought-relief program. Senate debated tax bill. Senate received report of Joint Committee on Economic Report.

HOUSE

1. PRICE SUPPORTS. Received the minority report on H. R. 12, to reestablish 90% price supports for basic commodities, provide a two-price plan for wheat, provide for 80-90% supports on dairy products, extend the brucellosis program, and increase the school-lunch program (pt. 2, H. Rept. 203) (p. 2393).
2. FARM LOANS. Both Houses received from the Commission on Organization of the Executive Branch of the Government (Hoover Commission) a report on lending, guaranteeing and insurance activities of the Federal Government, pursuant to Public Law 108, 83rd Congress (H. Doc. 107); to Government Operations Committees. This report will not be available from the Legislative Reporting Staff. Pursuant to a special arrangement, each agency of the Department is ordering its own supply of the report directly from the Government Printing Office. (pp. 2322, 2393)
Rep. Holifield criticized the report, and stated that the recommendations if fully carried out "would make it harder for American citizens to buy homes or to get loans for their farms or businesses" (pp. 2390, A1716-7).
3. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 4876, making appropriations for the Treasury and Post Office Departments, and the Tax Court of the U. S., for the fiscal year 1956 (H. Rept. 204) (p. 2393).

4. DROUGHT RELIEF. Rep. Edmondson criticized the "inadequacy of the present drought relief program" and urged the "Secretary of Agriculture to do something aggressive and adequate to meet this very urgent problem" (p. 2390).
5. PERSONNEL. The Dowdy subcommittee of the Post Office and Civil Service Committee ordered reported to the full committee H. R. 3948, amended, to clarify the Federal Employees Uniform Allowance Act relative to enactment date (p. D197).
6. FOREIGN AID. Both Houses received the Seventh Semiannual Report on the Mutual Security Program, covering the period June 30-Dec. 31, 1954 (H. Doc. 97); to S. Foreign Relations and H. Foreign Affairs Committees (pp. 2321, 2389).
7. SURPLUS PROPERTY. The Government Operations Committee reported with amendment H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949, so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes (H. Rept. 206) (p. 2394).
8. FAMILY-SIZE FARMS. Rep. Patman inserted a Christian Century Foundation article, "Corporation or Family Farms?" favoring the preservation of family-size farms, and a statement comparing farming in two Indiana counties (pp. 2391-3).
9. INVESTIGATIONS. Agreed to as reported H. Res. 22, authorizing the Judiciary Committee to conduct studies and investigations relating to matters within its jurisdiction (pp. 2390-1). The resolution as passed includes matters relating to the operation and administration of the antitrust laws, including the Sherman Act, the Clayton Act, and the Federal Trade Commission Act.
10. TRADE AGREEMENTS; RECLAMATION; STATEHOOD. Received various State legislature memorials and a petition requesting the expiration of the 1934 Trade Agreements Act, approval for upper Colorado River Basin development, legislation for encouragement of small irrigation and reclamation projects, and urging statehood for Alaska and Hawaii (pp. 2394-5).
11. FORESTRY; SOIL CONSERVATION; SUGAR. Received various State legislature memorials urging consideration of an emergency program for control of spruce budworm in Mont., rejection of the proposal to transfer SCS activities to the States, and recommending amendment of the Sugar Act of 1948 in such a manner "as to enable the domestic sugar industry of the U. S. to have a fair and equitable share in our Nation's growth" (pp. 2394-5).
12. TREATIES; NATURAL RESOURCES. Received an American Legion Post petition expressing support of the proposed Bricker amendment to limit the President's treaty power, and a Lubbock (Tex.) Chamber of Commerce petition requesting passage of legislation "to correct the present situation as regards to Federal control over the production of any States' natural resources" (p. 2395).
13. LEGISLATIVE PROGRAM for today, Mar. 15, as stated in the "Daily Digest": Treasury-Post Office Departments and U. S. Tax Court appropriation bill for 1956 (p. D197).

UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES

MARCH 14, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DAWSON of Illinois, from the Committee on Government Operations, submitted the following

REPORT

[To accompany H. R. 3322]

The Committee on Government Operations, to whom was referred the bill (H. R. 3322) to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes, having considered the same, unanimously report favorably thereon with amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That paragraph (1) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended (1) by inserting after "other supplies" the following: "(whether or not capitalized in a working-capital or similar fund)", and (2) "No property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State. In determining whether or not property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property."

SEC. 2. (a) Subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary of Health, Education, and Welfare may impose reasonable terms, conditions, reservations, and restrictions upon the use of any single item of property donated under this subsection which has an acquisition cost of \$2,500 or more."

(b) The amendment made by subsection (a) shall apply only with respect to property donated after the date of enactment of this Act.

SEC. 3. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes pro-

vided for in subsections (j) or (k) of this section. Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization."

SEC. 4. (a) In the case of personal property donated or sold at a discount for educational purposes or public health purposes, including research, under any provision of law enacted prior to the enactment of the Federal Property and Administrative Services Act of 1949, no term, condition, reservation, or restriction imposed on the use of such property shall remain in effect after the date of the enactment of this Act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within one year after the enactment of this Act.

(b) No term, condition, reservation, or restriction imposed upon the use of any single item of property donated under section 203 (j) of the Federal Property and Administrative Services Act of 1949 prior to the enactment of this Act which had an acquisition cost of less than \$2,500 shall remain in effect after the expiration of the one-year period which begins on the date of the enactment of this Act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within one year after the expiration of such one-year period.

SEC. 5. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(n) The Secretary of Health, Education, and Welfare shall submit, during each calendar quarter, a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of such House if it is not in session) showing the acquisition cost of all personal property donated under subsection (j) and of all real property donated under subsection (k) during the preceding calendar quarter to, or for distribution to, educational or public health institutions in each State, Territory, and possession. The first report under this subsection shall be made with respect to property donated during the first calendar quarter which begins after the enactment of this subsection."

GENERAL STATEMENT

The Federal Property and Administrative Services Act of 1949, Public Law 152, 81st Congress, became effective on July 1, 1949. This act, in sections 203 (j) and 203 (k), provides that property, both real and personal, which becomes surplus to all Federal requirements may be donated for educational purposes upon determination by the Secretary of Health, Education, and Welfare that the property is useful and needed for such purposes. The act likewise permitted the donation of real property for public health purposes.

The Congress under article IV, section 3, paragraph 2 of the Constitution has sole authority over the disposition of surplus Federal property. In the exercise of this authority, the main consideration in the disposal of surplus property is to decide what method or methods will best serve the interests of the taxpayers who are, in the long run, the owners of the property. The Federal agencies which hold and utilize the property are merely the custodians. Whether the property should be sold, donated to public institutions, destroyed to keep it from injuring industry and employment, or disposed of by some other method are questions for the Congress to answer by law.

Since the end of World War I, the Congress has enacted some 15 pieces of legislation designed to make available to educational and health institutions quantities of property acquired largely for war activities. The Congress has realized that sufficient funds have not been available for essential public-welfare purposes because of the war expenditures and has repeatedly decided that the best course

of action is to give educational and public health institutions surplus property if useful and needed. The Congress has been fully aware of the small return to the Treasury from the sales of surplus property made to date.

The donable property provisions of Public Law 152 were carefully considered in the light of the various alternative proposals and follow closely a similar provision which was carried in the Surplus Property Act of 1944 (Public Law 457, 78th Cong., 2d sess.).

Public Law 152 followed intensive hearings on the subject and House Report 670, 81st Congress, 1st session, on the bill made it abundantly clear that all kinds and classes of eligible property were to be donated for educational and health purposes so long as responsible authorities deemed them to be useful and needed.

Since 1946 there has been donated to educational and public-health institutions the total of \$783,343,181 in personal property and \$699,713,045 in real property for a total of \$1,483,056,226 at acquisition cost.

PUBLIC LAW 754, APPROVED SEPTEMBER 5, 1950

The essential purpose of H. R. 3322 is to carry out the intent of Congress as expressed in Public Law 152, enacted June 30, 1949, and Public Law 754, enacted September 5, 1950.

Public Law 152 made provision for the donation of both real and personal property for educational purposes. However, it provided that real property could be donated only for public-health purposes. Accordingly, on September 5, 1950, the Congress passed Public Law 754 for the express purpose of extending the donable provisions of the act to cover personal property, useful and needed for public-health purposes.

Public Law 754 was also carefully considered by the Congress and House Report 2747, July 26, 1950 (81st Cong., 2d sess.) provides:

Section 4 authorizes the Administrator to make donations of surplus property for public-health purposes. Under Public Law 152, 81st Congress, the Administrator is authorized to make donations of such surplus property to educational institutions. In the case of real property, the Administrator now can make donations for both educational and health purposes. The effect of the provision in section 4 is to place education and public health on a par with respect to the donations of surplus personal property.

The section-by-section analysis of H. R. 9129 which became Public Law 754 states with respect to section 4:

Section 4 modifies section 203 (j) of the Federal Property and Administrative Services Act of 1949 by providing that the Administrator is authorized in his discretion to donate without cost surplus equipment, materials, books, or other supplies for public health purposes, including research, in addition to educational purposes as presently provided for.

The Assistant Director of the Bureau of the Budget expressed his views on the pertinent sections of H. R. 9129 as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., July 21, 1950.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Expenditures in the Executive Departments,
House of Representatives, House Office Building, Washington, D. C.*

MY DEAR MR. DAWSON: This is in reply to your request for the views of this Office with respect to H. R. 9129, a bill to amend the Federal Property and Administrative Services Act of 1949, and for other purposes.

This measure is a substitute for H. R. 6315, H. R. 6566, H. R. 7545, H. R. 8353, H. R. 8416, and H. R. 8890, and has as its primary objective the establishment of an adequate records-management program in the Federal Government.

* * * * *

3. Provide for donations of surplus personal property to States for public-health purposes, as well as for educational purposes, as now authorized by the Federal Property and Administrative Services Act of 1949. Under that act both the educational and public-health organizations are eligible for donations of surplus real property.

* * * * *

The Bureau of the Budget is in accord with the principles of H. R. 9129 and recommends its enactment.

Sincerely yours,

ELMER B. STAATS,
Assistant Director.

In a section-by-section analysis of the bill, Acting Comptroller General of the United States Frank L. Yates stated:

Section 4 would authorize the Administrator of General Services to donate surplus property for educational purposes or public-health purposes to tax-supported and nonprofit institutions such as specified in the said section. Under existing law, the Administrator has authority to donate surplus real property for health purposes and to donate surplus personal or real property for educational purposes, and there is not perceived any objection to the proposed amendment.

EDUCATIONAL NEEDS

Though donations for educational and public health purposes under Public Law 152, and prior laws, have been large, they have met only a fraction of the total requirements of the thousands of educational and public-health institutions in the United States. In a report (committee print) dated December 2, 1954, the Committee on Education and Labor, House of Representatives, indicated:

It will cost from 10 to 12 billion dollars to provide adequate classrooms for children now enrolled, and enrollment will increase markedly in the next few years * * *. Adequate education for our children is essential to the preservation of a free and strong Nation. Their education must not be impaired by the serious classroom shortages which exist in every State.

While surplus property does not ordinarily consist of classrooms it does serve to supply items of essential classroom equipment.

Senate Report 1771, July 9, 1954, is in similar vein. It stresses that:

Presently enrolled school children cannot wait. They need school facilities now and next year, not some years from now * * *.

Estimates for the number of classrooms needed range from 300,000 to 400,000.

PUBLIC HEALTH NEEDS

The national requirements for personnel, facilities, and equipment in the many fields of health are also large and vital to personal happiness and national security and welfare. A few excerpts from recent authoritative sources will illustrate the point:

Estimates based on the latest available figures from the 48 States and the District of Columbia show a total of 389,600 professional nurses in active practice in the Nation. However, the demand for nursing services is so great, Dr. Scheele said, that the present recruitment goal for the Nation as a whole is 55,000 student nurses a year. (Press release of Public Health Service, October 14, 1954.)

The demands for nursing service have continued to increase rapidly while the student enrollment has increased only in the same proportion as the population, which may explain the widespread impression that we are not enrolling as many students as we did formerly. (Setting the Record Straight by Margaret Arnstein, from Nursing Outlook, June 1952.)

In view of the facts regarding the enrollment of student nurses, and the change in nurse-patient ratios in general hospitals, it is unlikely that we can look to ever-increasing numbers to solve our problems, although some increase in numbers certainly can be achieved and some readjustment of nursing services may be indicated. Certainly these facts reveal the need for a more intensive study of hospital nursing services in order to improve the nursing care which the patient actually receives. (Setting the Record Straight by Margaret Arnstein, from Nursing Outlook, June 1952.)

During the past 7 years, 37 States, the District of Columbia, and the Territory of Hawaii have used the nursing survey as a tool for identifying the most important community nursing problems which demand action and about which something can be done. This type of survey is a comprehensive analysis of the nursing needs and resources in the State. * * *

An analysis of 25 of 33 surveys of States and Territories made by the United States Public Health Service revealed that each of these, with the exception of Maine and Vermont, was faced with acute shortages of nurses and was providing fewer hours of care to patients than was desirable. Likewise, the need for non-professional nursing personnel was found to be acute in all States with the exception of the District of Columbia, Nebraska, and South Carolina.

Although most States, according to their individual standards, have sufficient numbers of nonprofessional nursing personnel, all States expressed the need to provide training for these personnel.

There is a growing realization that our human resources are not unlimited. Numerically they are less than those of potential enemies. We scraped the bottom of the manpower barrel in World War II. Unfortunately, also, our human resources are not being fully developed. In a democracy this is inexcusable from the standpoint of giving every individual the possibility of achieving his maximum potential. From a national viewpoint it is improvident in that we are wasting needed potential strength.

DEPARTMENT OF DEFENSE STOCK FUNDS

On August 10, 1949, some 40 days after the passage of Public Law 152, the Congress enacted Public Law 216 for the purpose of "promotion of economy and efficiency through establishment of uniform budgetary and fiscal procedures and organizations." This law which was an amendment to the National Security Act of 1947 gave permissive authority in section 405 (d) to the Secretary of Defense to establish working capital funds when such arrangements would increase the economy and efficiency in property management. Section 405 (d) provides:

The Secretary of Defense is authorized to provide capital for such working capital funds by capitalizing inventories on hand and with the approval of the President by transfer until December 31, 1954, from unexpended balances of any appropriations of the military departments not carried to the surplus fund of the Treasury.

DEPARTMENT OF DEFENSE REGULATION 7420.1

On February 1, 1954, the Comptroller of the Department of Defense issued regulation 7420.1 for the purpose of establishing principles and procedures with respect to the operation of stock funds made permissive by section 405 (d) of Public Law 216.

RELATIONSHIP OF REGULATION 7420.1 TO DONABLE SURPLUS PROPERTY PROGRAM UNDER PUBLIC LAW 152

One result of regulation 7420.1 has been to capitalize numerous classes of common use items such as clothing, general supplies, medical and dental supplies and equipment, chemical items, electronics, etc.,

into working-capital or stock funds. As of February 17, 1955, total of \$8,862,638,000 worth of inventory had been capitalized into 37 stock funds of the Army, Navy, Marine Corps, and Air Force.

Under an accounting concept, the Comptroller of the Department of Defense has decided that once property is capitalized into a stock fund it is not subject to donation under Public Law 152 despite the fact that it may actually be excess to the requirements of the Department of Defense or the respective stock funds.

Because of this decision, and the desire to maintain the capitalization at the highest possible level, the Department of Defense has held many sales throughout the Nation during the past year or more and has sold a considerable amount of property, much of which would be useful and needed by educational and public health institutions. An estimated \$2 billion worth of property at acquisition cost is planned for sale during the current year.

RETURNS FROM SALES

The committee had difficulty obtaining accurate information on the net return from the military sales. However, an agreed upon summary of findings by a joint Bureau of the Budget, Department of Defense, General Services Administration, and Department of Health, Education, and Welfare Task Group to study the impact of the stock fund regulations on the surplus property donation program discloses the following:

Acquisition cost of property sold and donated, fiscal year 1954	\$1, 184, 319, 708
Gross proceeds of sales, fiscal year 1954	\$67, 162, 663
Percent of gross return (2)/(1) for fiscal year 1954	5. 7
Percent of gross return from sale of commercial type items such as hand tools	(1)
Direct cost of sales and disposal operations at depot, fiscal year 1954	(1)
Average number of disposal personnel (man-years)	(1)
Man-years per dollar of net return from disposal	(1)
Net return realized by sales as percent of acquisition cost	(2)
Donations made at acquisition cost	\$60, 711, 263

¹ Not obtainable.

² Less than 5 percent.

It should be noted that the sale of such an enormous quantity of property involved literally tens of thousands of items. Some items were strictly military and not usable in educational and public-health institutions. Some items were worn or obsolete; others damaged and broken, while many others were new and unused, such as pencils, nails, screws, nuts, bolts, office supplies, etc. It is therefore difficult to speak accurately in terms of averages in determining the Government's return from the sale of this property. For example, some items of stock fund property yield a return on disposal materially higher than the average disposal return of 5.7 percent of acquisition cost. Since the acquisition cost of the property is usually the only available figure as to value, such a figure may be exceedingly misleading when one considers that a strictly military item such as an electronically controlled gun may have cost a large sum of money although its disposal value may be a few dollars per ton for scrap. Conversely, items sold as scrap might by ingenuity be put to good use in beneficiary institutions.

It has developed that many items considered as being strictly of a military nature may be modified, converted, or cannabilized to high utility for educational and public health purposes.

FAILURE OF RESPONSIBLE OFFICIALS TO CONSIDER IMPACT OF REGULATION 7420.1 ON DONABLE PROPERTY PROGRAM

The Comptroller of the Department of Defense was frank to admit that he had not considered the possible impact of regulation 7420.1 on the donable program. In a letter dated April 9, 1954, to the Secretary of Health, Education, and Welfare he admitted that the regulation was issued without regard to the donable provision of Public Law 152. He stated:

I am in agreement with the view expressed in your letter that the enactment of section 405 of the National Security Act amendments of 1949 was without reference to and not in contemplation of section 203 (j) of the Federal Property and Administrative Services Act of 1949, authorizing the donation of surplus personal property for educational or public health purposes. Further, the Regulations Governing Stock Fund Operations which implemented section 405 of the National Security Act amendments of 1949 were issued without specific consideration of the effect they might have upon the donation program.

He considered the matter from an accounting point of view and not from an educational and public health viewpoint. He stated that the five agencies which assisted in the drafting of the regulation—namely, Army, Navy, Air Force, Bureau of the Budget, General Accounting Office—gave no consideration to the donable program.

Likewise the Assistant Director of the Bureau of the Budget, Mr. Harold L. Pearson, testified on February 15, 1955, before the Special Subcommittee on Donable Property of the Committee on Government Operations, House of Representatives, that:

My impression, or our impression, is that the stock fund regulations issued by the Department of Defense in February 1954, and unfortunately approved at that time, or just prior to that time by the Bureau of the Budget—but approved by the Bureau of the Budget—with consideration only of their accounting solidness and significance—not that it occurred to anybody then and there, that it had an implication beyond that—when that implication became clear we took the position in June of last year, and have tried repeatedly since then to accomplish an administrative reconciliation to reverse the position of the February 1 directive without success.

He further testified that if it is the desire of the Congress to donate surplus property which is useful and needed for educational and public-health purposes, the act should be specific with respect to this objective. He also indicated that the Bureau is opposed to legislation which would complicate and delay the orderly disposal of all surplus property regardless of whether it is useful and necessary for educational and public-health purposes.

The provisions of H. R. 3322 will protect the interests of the beneficiary institutions and at the same time will not interfere with orderly disposal of surplus property.

The Budget Bureau was also opposed to cooperative agreements which might have the effect of causing basic control authority of the Secretary of Health, Education, and Welfare in effect to be delegated to State agencies and institutions. It was the position of the Bureau that the basic Federal functions of allocation of property for donation, the determination of the need and usability of property for educational and health purposes, and the performance of essential inspections and

audits of the State systems should remain the responsibility of the Federal Government. The General Accounting Office expressed similar views with respect to the releasing of basic control authority, the determination of the need and usability of property, and the performance of essential inspections and audits. H. R. 3322 meets this objective. On this point see the discussion of this matter in the section by section analysis.

H. R. 3322

The chairman of the Special Subcommittee on Donable Property introduced H. R. 3322 on January 31, 1955, because it had become apparent to Members of Congress that legislative action was needed to clarify the situation. During the hearings this necessity became increasingly apparent to the members of the Special Subcommittee on Donable Property.

Hearings were held on the bill on February 15, 17, and 21. Oral testimony was received from the following:

February 15, 1955:

- Hon. D. R. (Billy) Matthews, a Representative in Congress from the Eighth District of the State of Florida.
- Hon. Glenard P. Lipscomb, a Representative in Congress from the 24th District of the State of California.
- Hon. L. H. Fountain, a Representative in Congress from the Second District of the State of North Carolina.
- Ray Ward, staff director, Special Subcommittee on Donable Property of the Committee on Government Operations.
- L. K. Barry, director of the Texas Surplus Property Agency.
- Robert F. Nolan, State supervisor, State Department of Education, Vocational Division, Massachusetts.
- Charles G. Caffrey, Washington representative, American Cotton Manufacturers Institute.
- Hon. B. F. Sisk, a Representative in Congress from the 12th District of the State of California.
- Bradshaw Mintener, Assistant Secretary for Federal-State Relations, Department of Health, Education, and Welfare.
- Harold L. Pearson, Assistant Director, Bureau of the Budget.
- Maxwell H. Elliott, General Counsel; accompanied by John Thomas, Director of Personal Property Utilization, Public Supply Services; and Louis C. Tuttle, Deputy Director, Personal Property Utilization and Disposal Division, General Services Administration.
- Hon. Lester R. Johnson, a Representative in Congress from the Ninth District of the State of Wisconsin.
- William A. Farrell, chief surplus property officer, State Department of Education, Sacramento, Calif.
- James W. Curran, assistant superintendent of prisons, State of Maryland.
- Robert F. Keller, Assistant to the Comptroller General, General Accounting Office.
- Hon. Hubert B. Scudder, a Representative in Congress from the First District of the State of California.

February 17, 1955:

- Hon. Charles M. Teague, a Representative in Congress from the 13th District of California.
- J. B. Blackford, Richmond, Va.
- W. J. McNeil, Assistant Secretary of Defense (Comptroller) accompanied by M. H. Lanman, Jr., Assistant General Counsel, Department of Defense; J. Curtis Jenkins, Budget Analyst, Department of Defense, and Melvin Zuker, Assistant Director, Accounting Policy, Department of Defense.
- John Thomas, Director, Personal Property Utilization Division, Federal Supply Service, General Services Administration.
- John L. Keogh, Director of Storage Distribution and Disposal, Office of the Assistant Secretary of Defense, Supplies and Logistics; accompanied by Ralph C. Spencer, Staff Director.

February 21, 1955:

Hon. Charles E. Bennett, a Representative in Congress from the Second District of the State of Florida.

John L. Keogh, Director of Storage, Distribution and Disposal, Office of Assistant Secretary of Defense (Supply and Logistics); accompanied by Ralph C. Spencer, Staff Director, John W. Sundstrom, Chief, Disposal Division, James Nash and William O. Vick, General Counsel's Office, Department of Defense.

John Thomas, Director, Personal Property Utilization Division, Federal Supply Service, General Services Administration; accompanied by Charles Gasque, Assistant General Counsel, and Louis Tuttle, General Services Administration.

J. C. Jenkins, Staff Examiner, Department of Defense.

Commander Douglas H. Lyness, Director, Stock Finance Division, Bureau of Supplies and Accounts, Navy Department.

Charles Gasque, Assistant General Counsel, General Services Administration.

L. K. Barry, Chairman, National Association of State Agencies for Surplus Property.

Louis Tuttle, General Services Administration.

Approximately 1,200 letters, telegrams, and statements have been received from Governors, Senators, Congressmen, Federal and State agencies, associations, schools, hospitals and private individuals from all parts of the Nation.

OTHER POSSIBLE DONEES

A number of other groups, such as the civilian defense agencies, the United Cerebral Palsy, recreational units, volunteer fire departments, sanitation districts, etc., have communicated their desire to be included in the donable program.

The committee feels strongly that it must at this time give first priority to the clarification of the status of educational and public health institutions without prejudice to other causes which may be considered later.

NEED FOR BETTER ESTIMATES OF EXCESS PROPERTY

The committee realizes that the successful operation of the utilization program for surplus property of the General Services Administration and the related donable surplus property program are dependent upon accurate estimates of declarations received from other agencies and principally the Department of Defense which normally declares about 90 percent of all excess property.

It is expected that the best estimates possible as to future declarations by classes of property at various depots, posts, camps, and stations will be made in order that the General Services Administration, the Department of Health, Education, and Welfare and the State agencies may know what to expect and be prepared to gear their operations accordingly.

ALLOCATIONS AND TRANSFERS OF PERSONAL AND REAL PROPERTY— 1946 TO 1954, INCLUSIVE

The following table is presented to show allocations and transfers of real and personal property by States, from 1946 through 1954, inclusive:

Allocation of personal property and transfer of real property for educational and public health purposes, 1946 through Dec. 31, 1954 (acquisition cost)

States	Personal property	Real property	Total
Total.....	\$783,343,181	\$699,713,045	\$1,483,056,226
Alabama.....	19,206,532	13,740,837	32,947,369
Arizona.....	9,346,188	7,665,485	17,011,673
Arkansas.....	8,081,404	24,960,663	33,042,067
California.....	98,529,295	54,025,226	152,554,521
Colorado.....	4,281,917	4,230,113	8,512,030
Connecticut.....	9,250,934	2,527,522	11,778,456
Delaware.....	2,427,370	2,358,512	4,785,882
Florida.....	21,663,723	21,841,190	43,504,913
Georgia.....	20,599,051	12,823,301	33,422,352
Idaho.....	7,975,479	21,948,741	29,924,220
Illinois.....	23,279,229	14,555,566	37,834,795
Indiana.....	17,425,474	3,452,717	20,878,191
Iowa.....	9,104,470	2,004,941	11,109,411
Kansas.....	9,229,194	3,519,962	12,749,156
Kentucky.....	14,204,596	1,478,892	15,683,488
Louisiana.....	12,171,398	12,075,637	24,247,035
Maine.....	3,183,442	433,211	3,616,653
Maryland.....	19,200,574	630,721	19,831,295
Massachusetts.....	18,515,666	23,044,788	41,560,454
Michigan.....	10,141,228	19,225,884	29,367,112
Minnesota.....	7,622,311	43,163,397	50,785,708
Mississippi.....	16,325,110	36,215,127	52,540,237
Missouri.....	15,519,389	33,726,343	49,245,732
Montana.....	5,872,528	183,825	6,056,353
Nebraska.....	5,956,132	820,768	6,776,900
Nevada.....	2,588,864	2,178,423	4,767,287
New Hampshire.....	2,717,979	0	2,717,979
New Jersey.....	11,914,097	492,370	12,406,467
New Mexico.....	4,786,294	5,438,963	10,225,257
New York.....	46,985,272	62,938,053	109,923,325
North Carolina.....	25,664,008	15,928,390	41,592,398
North Dakota.....	2,460,722	84,474	2,545,196
Ohio.....	37,810,368	7,589,280	45,399,648
Oklahoma.....	15,844,043	61,068,704	76,912,747
Oregon.....	16,148,272	14,322,514	30,470,786
Pennsylvania.....	33,551,227	2,359,902	35,911,129
Rhode Island.....	4,493,924	107,704	4,601,628
South Carolina.....	15,085,576	9,025,769	24,111,345
South Dakota.....	3,573,304	698,857	4,272,161
Tennessee.....	17,939,387	4,029,367	21,968,754
Texas.....	38,210,840	121,493,917	159,704,757
Utah.....	16,214,153	2,656,578	18,870,731
Vermont.....	2,115,044	30,155	2,145,199
Virginia.....	20,558,519	11,174,347	31,732,866
Washington.....	31,356,680	10,092,612	41,449,292
West Virginia.....	14,080,753	1,998,415	16,079,168
Wisconsin.....	12,136,298	1,171,993	13,308,291
Wyoming.....	2,705,104	1,314,695	4,019,799
Alaska.....	514,361	1,592,202	2,106,563
Virgin Islands.....	4,434	3,848	8,282
District of Columbia.....	9,172,588	22,000	9,194,588
Hawaii.....	4,042,722	967,356	5,010,078
Puerto Rico.....	1,555,214	278,788	1,834,002
American Samoa.....	500	0	500

TRADE-IN OR EXCHANGE TRANSACTIONS UNDER SECTION 201 (C) OF
PUBLIC LAW 152

Hearings before the Special Subcommittee on Donable Property disclosed that the military agencies are selling large quantities of personal property pursuant to section 201 (c) of Public Law 152. This section of the act reads as follows:

(c) In acquiring personal property, any executive agency, under regulations to be prescribed by the Administrator, may exchange or sell similar items and may apply the exchange allowance or proceeds of sale in such cases in whole or in part payment for the property acquired: *Provided*, That any transaction carried out under the authority of this subsection shall be evidenced in writing.

The committee is aware of the desirability of making exchanges of certain classes of property and buying new as is the common commercial practice. There is, however, a serious question when several

million dollars worth of unused property is sold as an exchange transaction and the money deposited to a special account to become, in fact, a no-year fund. It is understood that the Administrator of General Services, under his basic authority, is in the process of tightening the regulations under this section. The committee urges that this action be done speedily and that auditors of the General Accounting Office review recent military transactions to determine whether or not they have been in keeping with the intent of the law and what proceeds, if any, should revert to miscellaneous receipts of the Treasury.

SCRAP AND SALVAGE DISPOSALS

Under the current Department of Defense Appropriation Act (Public Law 458, 83d Cong., 2d sess.) authority exists in section 715 to utilize not more than \$40 million of receipts from the sale of scrap and salvage material for the preparation for sale or salvage of military supplies, equipment, and material. The committee received testimony to the effect that property is sometimes downgraded to come within the classification of scrap and salvage when it might, in fact, be used elsewhere in the Federal Government or perhaps made available for use in educational and public health institutions. The Administrator of General Services should carefully check this matter and protect the full intent of the Congress by issuing suitable control regulations.

SECTION-BY-SECTION ANALYSIS

The basic intent of the bill, as amended by the committee, is to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

The first section of the bill amends section 203 (j) of the Federal Property and Administrative Services Act of 1949 to make it abundantly clear that the Administrator in his discretion may by regulation authorize the donation of surplus Federal property, subject to the provisions of the act, including property which has been capitalized in a working-capital fund, stock fund, revolving fund, or other accounting arrangement in several agencies. It has been contended by some that property capitalized in such a fund is exempt from the provisions of the donable program. This subsection negates any such interpretation.

This amendment is considered necessary in view of the fact that the Department of Defense regulation 7420.1, dated February 1, 1954, has had the effect of denying working-capital fund property in the Department of Defense eligibility for donation under the provisions of the Federal Property and Administrative Services Act of 1949, as amended.

This amendment is not intended to diminish the control authority of the Administrator to issue basic regulations, after advising and consulting with interested Federal agencies, relating to the disposal of surplus property. Such regulations could, inter alia, provide for the exclusion of certain items and classes of items from the scope of the donable program and thus insure that major disposal programs will not be unnecessarily curtailed or delayed.

Nothing in this subsection is intended to imply that certain trust fund and corporation fund properties are hereby included within the provisions of the donable program. This subsection is to be read

in connection with the savings provisions of the act contained in subsection 602 (d).

In addition the amendment provides that not only has the Administrator legal authority to donate personal property in working capital and similar funds, but also that he is affirmatively prohibited from treating property in such funds differently from other property, in determining whether to donate it.

The authority contained in the act to donate surplus property capitalized in various accounts is also the authority for those accountable for the maintenance of the integrity of such accounts to take appropriate credit in reports and financial statements to the extent of the authorized impairment (see decision of the Comptroller General of the United States, B—92102, 101646, dated March 3, 1955 (appendix 1)).

Nothing in this amendatory act is intended to impair or diminish the authority of the Administrator with respect to the related program authorized by section 202 of Public Law 152 for the maximum utilization of excess property (see decision of Comptroller General of the United States B—121695 dated February 3, 1955).

The section also provides that no property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State.

Section 2

The amendment made by section 2 (a) of the committee amendment clarifies the extent of the authority of the Secretary of Health, Education, and Welfare to enforce compliance with terms and conditions imposed on the use of donated property. Under existing legislation there has been confusion as to whether or not the Secretary had the authority to compel such compliance on the use of personal property. The question has also arisen as to whether or not the Secretary may require that a donee keep the property in use for a given number of years before selling, trading, or otherwise disposing of it.

This subsection provides that single items of personal property having an acquisition cost of less than \$2,500 shall not be subject to the compliance operations of the Department. This does not mean that the Secretary may not issue rules and regulations prescribing minimum standards of operation for the State agencies. It is expected that he will do so. The committee is strongly in favor of taking necessary steps to insure that only property which is useful and needed shall be donated. The committee also takes a strong position that the property once donated should be put to maximum continuous use in order to enhance the educational and public health programs of the Nation and thus render a maximum contribution to the welfare of the people.

It is realized, however, that thousands of items will be donated to thousands of institutions throughout the country and that discretion must be exercised in seeking compliance with the intent of the law lest the costs become prohibitive, the constructive part of the program overlooked as to determination of use and need and equitable allocation, and the charge made that the Federal Government is unnecessarily infringing upon the rights of the States, their subdivisions, and the institutions concerned.

This provision of the law is intended to indicate a logical ground under which adequate but not excessive and restrictive compliance may be assured.

Section 2 (b) of the committee amendment indicates that the amendment made by section 2 (a) is applicable only with respect to personal property donated after the enactment of this act.

Section 3

This section of the recommended bill is intended to enable the Secretary of Health, Education, and Welfare, or the head of any Federal agency, designated by the Secretary to enter into cooperative agreements with State departments of health or education, and with other State agencies which are responsible for carrying out in the States the program for utilization of surplus property for educational purposes and health purposes provided in the section.

Numerous occasions have arisen where a Federal agency or State agency has found it necessary to use the services, facilities, and property of the other in implementing the broad program. This section is intended merely to facilitate the implementation of the program and in no way should be considered as permitting the Secretary to delegate such basic control functions as final determination of use and need of property nor its equitable allocation.

This section would permit voluntary agreements to be made between the Department of Health, Education, and Welfare and the State agencies with respect to the establishment of standards of requirements, audit and inspection of State systems and depots and related records.

This section recognizes existing practical arrangements in numerous places whereby one party is rendering assistance to the other to the benefit of both. This section authorizes agreements to be made which will be legal from the standpoint of contributions of Federal agencies.

It will permit the Secretary, among other things, to utilize the services of the State agencies and institutions to examine property at posts, camps, and stations and other Federal locations and report the facts as to quantity, condition, and usability to representatives of the Secretary. The staff of the Secretary is obviously too small for such extensive use and there is no justification for the Federal budget carrying such a force when qualified and responsible State and institutional people are available, near at hand, to assist with this work.

Section 4

Section 4 (a) of the committee amendment is intended to facilitate and reduce administrative costs at the Federal, State, and institutional levels by removing the terms, conditions, reservations, or restrictions which were imposed pursuant to statutes enacted prior to the enactment of the Federal Property and Administrative Services Act of 1949. It has heretofore been necessary for donees to keep separate account for property depending upon which statute and which set of conditions attached thereto.

The subsection would not terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within 1 year after the enactment of this act.

It is realized that there are some judicial proceedings pending with respect to previous transactions and this subsection would enable the

proper authorities to resolve them or to initiate suitable action within a reasonable period of time.

Subsection (b) is consistent with the provisions of subsection (a) in providing, with respect to single items of personal property having an acquisition cost of less than \$2,500 donated under the authority of section 203 (j) of the Federal Property and Administrative Services Act of 1949, that compliance procedures thereon shall cease after the expiration of the 1-year period beginning with the enactment of this act.

Single items of personal property donated under section 203 (j) of the act and having an acquisition cost of \$2,500 or more will continue to be subject to the compliance regulations of the Secretary to the same extent as are items of personal property under the existing law and regulations.

This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within 1 year after the expiration of such 1-year period.

Section 5

Section 5 of the committee amendment requires the Secretary of Health, Education, and Welfare to submit quarterly reports as to the amounts of real and/or personal property donated to institutions in each State, Territory, and possession. These reports will, among other things, enable the appropriate committees of the Congress to determine whether such property is being equitably distributed, and which States are not availing themselves of the advantages of this program.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

DISPOSAL OF SURPLUS PROPERTY

SEC. 203. (a) Except as otherwise provided in this section, the Administrator shall have supervision and direction over the disposition of surplus property. Such property shall be disposed of to such extent, at such time, in such areas, by such agencies, at such terms and conditions, and in such manner, as may be prescribed in or pursuant to this Act.

(b) The care and handling of surplus property, pending its disposition, and the disposal of surplus property, may be performed by the General Services Administration or, when so determined by the Administrator, by the executive agency in possession thereof, or by any other executive agency consenting thereto.

(c) Any executive agency designated or authorized by the Administrator to dispose of surplus property may do so by sale, exchange, lease, permit, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Administrator deems proper, and it may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of this title.

(d) A deed, bill of sale, lease, or other instrument executed by or on behalf of any executive agency purporting to transfer title or any other interest in surplus

property under this title shall be conclusive evidence of compliance with the provisions of this title insofar as concerns title or other interest of any bona fide grantee or transferee for value and without notice of lack of such compliance.

(e) Unless the Administrator shall determine that disposal by advertising will in a given case better protect the public interest, surplus property disposals may be made without regard to any provision of existing law for advertising until 12 o'clock noon, eastern standard time, June 30, 1953: *Provided*, That an explanatory statement shall be prepared and submitted to the appropriate committees of Congress and a copy preserved in the file of all cases where negotiated disposal occurs.

(f) Subject to regulations of the Administrator, any executive agency may authorize any contractor with such agency or subcontractor thereunder to retain or dispose of any contractor inventory.

(g) The Administrator, in formulating policies with respect to the disposal of surplus agricultural commodities, surplus foods processed from agricultural commodities, and surplus cotton or woolen goods, shall consult with the Secretary of Agriculture. Such policies shall be so formulated as to prevent surplus agricultural commodities, or surplus food processed from agricultural commodities, from being dumped on the market in a disorderly manner and disrupting the market prices for agricultural commodities.

(h) Whenever the Secretary of Agriculture determines such action to be required to assist him in carrying out his responsibilities with respect to price support or stabilization, the Administrator shall transfer without charge to the Department of Agriculture any surplus agricultural commodities, foods, or cotton or woolen goods to be disposed of. Receipts resulting from disposal by the Department of Agriculture under this subsection shall be deposited pursuant to any authority available to the Secretary of Agriculture, except that net proceeds of any sale of surplus property so transferred shall be credited pursuant to section 204 (b), when applicable. Surplus farm commodities so transferred shall not be sold, other than for export, in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation.

(i) The United States Maritime Commission shall dispose of surplus vessels of one thousand five hundred gross tons or more which the Commission determines to be merchant vessels or capable of conversion to merchant use, and such vessels shall be disposed of only in accordance with the provisions of the Merchant Marine Act, 1936, as amended, and other laws authorizing the sale of such vessels.

(j) (1) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate for educational purposes or public health purposes, including research, in the States, Territories, and possessions without cost (except for costs of care and handling) such equipment, materials, books, or other supplies under the control of any executive agency as shall have been determined to be surplus property and which shall have been determined under paragraph (2) or paragraph (3) of this subsection to be usable and necessary for educational purposes or public health purposes, including research.

(2) *No property (including property capitalized in a working-capital fund) shall be sold under this or any other Act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research.* Determination whether such surplus property (except surplus property donated in conformity with paragraph (3) of this subsection) is usable and necessary for educational purposes or public health purposes, including research, shall be made by [the Federal Security Administrator], or under regulations issued by, the Secretary of Health, Education, and Welfare, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator of General Services to tax-supported medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, and universities, and to other nonprofit medical institutions, hospitals, clinics, health centers, schools, colleges, and universities which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code, or to State departments of education or health for distribution to such tax-supported and nonprofit medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, and universities; except that in any State where another agency is designated by State law for such purpose such transfer shall be made to said agency for such distribution within the State.

(3) In the case of surplus property under the control of the National Military Establishment, the Secretary of Defense shall determine whether such property is usable and necessary for educational activities that are of special interest to the armed services, such as maritime academies or military, naval, Air Force, or

Coast Guard preparatory schools. If such Secretary shall determine that such property is usable and necessary for such purposes, he shall allocate it for transfer by the Administrator to such educational activities. If he shall determine that such property is not usable and necessary for such purposes, it may be disposed of in accordance with paragraph 2 of this subsection.

(k) (1) Under such regulations as he may prescribe, the Administrator is authorized, in his discretion, to assign to the Federal Security Administrator for disposal such surplus real property, including buildings, fixtures, and equipment situated thereon, as is recommended by the Federal Security Administrator as being needed for school, classroom, or other educational use, or for use in the protection of public health, including research.

(A) Subject to the disapproval of the Administrator within thirty days after notice to him by the Federal Security Administrator of a proposed transfer of property for school, classroom, or other educational use, the Federal Security Administrator, through such officers or employees of the Federal Security Agency as he may designate, may sell or lease such real property, including buildings, fixtures, and equipment situated thereon, for educational purposes to the States and their political subdivisions and instrumentalities, and tax-supported educational institutions, and to other nonprofit educational institutions which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code.

(B) Subject to the disapproval of the Administrator within thirty days after notice to him by the Federal Security Administrator of a proposed transfer of property for public-health use, the Federal Security Administrator, through such officers or employees of the Federal Security Agency as he may designate, may sell or lease such real property for public-health purposes, including research, to the States and their political subdivisions and instrumentalities, and to tax-supported medical institutions, and to hospitals or other similar institutions not operated for profit which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code.

(C) In fixing the sale or lease value of property to be disposed of under subparagraph (A) and subparagraph (B) of this paragraph, the Federal Security Administrator shall take into consideration any benefit which has accrued or may accrue to the United States from the use of such property by any such State, political subdivision, instrumentality, or institution.

(D) "States" as used in this subsection includes the District of Columbia and the Territories and possessions of the United States.

(2) Subject to the disapproval of the Administrator within thirty days after notice to him of any action to be taken under this subsection—

(A) The Federal Security Administrator, through such officers or employees of the Federal Security Agency as he may designate, in the case of *real* property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and tax-supported and other nonprofit educational institutions for school, classroom, or other educational use;

(B) the Federal Security Administrator, through such officer or employees of the Federal Security Agency as he may designate, in the case of *real* property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions and instrumentalities thereof, tax-supported medical institutions, and to hospitals and other similar institutions not operated for profit, for use in the protection of public health (including research);

(C) the Secretary of the Interior, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and municipalities for use as a public park, public recreational area, or historic monument for the benefit of the public; or

(D) the Secretary of Defense, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, to States, political subdivisions, and tax-supported instrumentalities thereof for use in the training and maintenance of civilian components of the armed forces, is authorized and directed—

(i) to determine and enforce compliance with the terms, conditions, reservations, and restrictions contained in any instrument by which such transfer was made;

(ii) to reform, correct, or amend any such instrument by the execution of a corrective, reformatory, or amendatory instrument where necessary to correct

such instrument or to conform such transfer to the requirements of applicable law; and

(iii) to (I) grant releases from any of the terms, conditions, reservations, and restrictions contained in, and (II) convey, quit-claim, or release to the transferee or other eligible user any right or interest reserved to the United States by, any instrument by which such transfer was made, if he determines that the property so transferred no longer serves the purpose for which it was transferred, or that such release, conveyance, or quitclaim deed will not prevent accomplishment of the purpose for which such property was so transferred: *Provided*, That any such release, conveyance, or quitclaim deed may be granted on, or made subject to, such terms and conditions as he shall deem necessary to protect or advance the interests of the United States.

(l) The Administrator is authorized to take possession of abandoned and other unclaimed property on premises owned or leased by the Government, to determine when title thereto vested in the United States, and to utilize, transfer or otherwise dispose of such property. Former owners of such property upon proper claim filed within three years from the date of vesting of title in the United States shall be paid the proceeds realized from the disposition of such property or, if the property is used or transferred, the fair value therefor as of the time title was vested in the United States as determined by the Administrator, less in either case the costs incident to the care and handling of such property as determined by the Administrator.

(m) *The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in subsections (j) or (k) of this section. Such cooperative agreements may provide that either the Federal agency or the State agency will assume responsibility for a part of the duties of the other agency which relate to such program, and that either such agency will make available to the other agency such property, personnel, or funds as may be necessary to enable it to perform such duties.*

* * * * *

REPEAL AND SAVING PROVISIONS

SEC. 602. (a) * * *

* * * * *

(d) Nothing in this Act (including the first sentence of section 203 (j) (2)) shall impair or affect any authority of—

(1) the President under the Philippine Property Act of 1946 (60 Stat. 418; 22 U. S. C. 1381);

(2) any executive agency with respect to any phase (including, but not limited to, procurement, storage, transportation, processing, and disposal) of any program conducted for purposes of resale, price support, grants to farmers, stabilization, transfer to foreign governments, or foreign aid, relief, or rehabilitation: *Provided*, That the agency carrying out such program shall, to the maximum extent practicable, consistent with the fulfillment of the purposes of the program and the effective and efficient conduct of its business, coordinate its operations with the requirements of this Act and the policies and regulations prescribed pursuant thereto;

(3) any executive agency named in the Armed Services Procurement Act of 1947, and the head thereof, with respect to the administration of said Act;

(4) the National Military Establishment with respect to property required for or located in occupied territories;

(5) the Secretary of Defense with respect to the administration of the National Industrial Reserve Act of 1948;

(6) the Secretary of Defense, the Munitions Board, and the Secretaries of the Army, Navy, and Air Force with respect to the administration of the Strategic and Critical Materials Stock Piling Act (60 Stat. 596), and provided that any imported materials which the authorized procuring agency shall certify to the Commissioner of Customs to be strategic and critical materials procured under said Act may be entered, or withdrawn from warehouse, free of duty;

(7) the Secretary of State under the Foreign Service Buildings Act of May 7, 1926, as amended;

(8) the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force with respect to the administration of section 1 (b) of the Act entitled "An Act to expedite the strengthening of the national defense", approved July 2, 1940 (54 Stat. 712);

(9) the Secretary of Agriculture or the Department of Agriculture under (A) the National School Lunch Act (60 Stat. 230); (B) the Farmers Home Administration Act of 1946 (60 Stat. 1062); (C) the Act of August 31, 1947, Public Law 298, Eightieth Congress, with respect to the disposal of labor supply centers, and labor homes, labor camps, or facilities; (D) section 32 of the Act of August 24, 1935 (49 Stat. 774), as amended, with respect to the exportation and domestic consumption of agricultural products; or (E) section 201 of the Agricultural Adjustment Act of 1938 (52 Stat. 36) or section 203 (j) of the Agricultural Marketing Act of 1946 (60 Stat. 1082);

(10) the Secretary of Agriculture, Farm Credit Administration, or any farm credit board under section 6 (b) of the Farm Credit Act of 1937 (50 Stat. 706), with respect to the acquisition or disposal of property;

(11) the Housing and Home Finance Agency, or any officer or constituent agency therein, with respect to the disposal of residential property, or of other property (real or personal) held as part of or acquired for or in connection with residential property, or in connection with the insurance of mortgages, loans, or savings and loan accounts under the National Housing Act;

(12) the Tennessee Valley Authority with respect to nonpersonal services, with respect to the matters referred to in section 201 (a) (4), and with respect to any property acquired or to be acquired for or in connection with any program of processing, manufacture, production, or force account construction: *Provided*, That the Tennessee Valley Authority shall to the maximum extent that it may deem practicable, consistent with the fulfillment of the purpose of its program and the effective and efficient conduct of its business, coordinate its operations with the requirements of this Act and the policies and regulations prescribed pursuant thereto;

(13) the Atomic Energy Commission;

(14) the Administrator of Civil Aeronautics or the Chief of the Weather Bureau with respect to the disposal of airport property and airway property for use as such property. For the purpose of this paragraph the terms "airport property" and "airway property" shall have the respective meanings ascribed to them in the International Aviation Facilities Act (62 Stat. 450);

(15) the Postmaster General or the Postal Establishment with respect to the means and methods of distribution and transportation of the mails, and contracts, negotiations, and proceedings before Federal and State regulatory and ratemaking bodies, relating to the transportation of the mails;

(16) the United States Maritime Commission with respect to the construction, reconstruction, and reconditioning (including outfitting and equipping incident to the foregoing), the acquisition, procurement, operation, maintenance, preservation, sale, lease, or charter of any merchant vessel or of any shipyard, ship site, terminal, pier, dock, warehouse, or other installation necessary or appropriate for the carrying out of any program of such Commission authorized by law, or nonadministrative activities incidental thereto: *Provided*, That the United States Maritime Commission shall to the maximum extent that it may deem practicable, consistent with the fulfillment of the purposes of such programs and the effective and efficient conduct of such activities, coordinate its operations with the requirements of this Act, and the policies and regulations prescribed pursuant thereto;

(17) the Central Intelligence Agency;

(18) the Joint Committee on Printing, under the Act entitled "An Act providing for the public printing and binding and the distribution of public documents" approved January 12, 1895 (28 Stat. 601), as amended or any other Act; or

(19) for such period of time as the President may specify, any other authority of any executive agency which the President determines within one year after the effective date of this Act should, in the public interest, stand unimpaired by this Act.

APPENDIX I

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, D. C., March 3, 1955.

Hon. JOHN W. McCORMACK,

Chairman, Special Subcommittee on Donable Property of the Committee on Government Operations.

DEAR MR. CHAIRMAN: Reference is made to your letter of March 2, 1955 relating to H. R. 3322, 84th Congress.

The present draft of subsection (a) of section 1 of H. R. 3322 is quoted in your letter as follows:

"That paragraph (1) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended (1) by inserting after 'other supplies' the following: '(whether or not capitalized in a working-capital or similar fund)', and (2) by adding at the end thereof the following new sentence: 'In determining whether or not property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property.'"

You state that the intent of subsection (a) of section 1 of H. R. 3322 is to insure that surplus working-capital fund property is also made available for donation for educational and public health purposes under the law. You request our opinion as to whether the authority to donate property under this subsection is also authority for responsible officials to take accounting credit to the extent of the impairment to the capitalization caused by the donation.

Subsection 1 (a), if enacted, would authorize the donation of property capitalized in working-capital or similar funds for educational and public health purposes. Such authority to donate property necessarily includes the authority to adjust the accounting records of the Government to reflect the decrease in assets. The donation of property capitalized in working-capital or similar funds results in a decrease in the assets of such funds which must be reflected as a reduction in the capitalization of the fund involved.

Accordingly, it is our view that the authority to donate property under this subsection 1 (a) is also the authority for responsible officials to take accounting credit to the extent of the impairment to the capitalization caused by the donation.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.



84TH CONGRESS
1ST SESSION

H. R. 3322

[Report No. 206]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 1955

Mr. McCORMACK introduced the following bill; which was referred to the Committee on Government Operations

MARCH 14, 1955

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That ~~(a) paragraph (2) of subsection (j) of section 203~~
4 of the Federal Property and Administrative Services Act
5 of 1949 ~~(40 U. S. C., sec. 484)~~ is amended by inserting
6 immediately after “(2)” the following: “No property (in-
7 cluding property capitalized in a working-capital fund) shall
8 be sold under this or any other Act as surplus property
9 until it has been determined whether or not such property

1 is usable and necessary for educational purposes or public
2 health purposes, including research.”

3 ~~(b)~~ Paragraph ~~(2)~~ of such subsection is further
4 amended by striking out “the Federal Security Administra-
5 tor” and inserting in lieu thereof the following; “, or under
6 regulations issued by, the Secretary of Health, Education,
7 and Welfare”.

8 SEC. 2. Paragraph ~~(2)~~ of subsection ~~(k)~~ of section
9 203 of the Federal Property and Administrative Services
10 Act of 1949 is amended by inserting “real” immediately
11 before “property” where it appears in subparagraphs ~~(A)~~
12 and ~~(B)~~.

13 SEC. 3. Section 203 of the Federal Property and Ad-
14 ministrative Services Act of 1949 is amended by adding at
15 the end thereof the following new subsection:

16 “~~(m)~~ The Secretary of Health, Education, and Welfare,
17 or the head of any Federal agency designated by the Secre-
18 tary, is authorized to enter into cooperative agreements with
19 State departments of education or health, and with other
20 State agencies, which are responsible for carrying out in
21 the States the program for the utilization of surplus property
22 for educational purposes and health purposes provided for
23 in subsections ~~(j)~~ or ~~(k)~~ of this section. Such cooperative
24 agreements may provide that either the Federal agency or
25 the State agency will assume responsibility for a part of the

1 duties of the other agency which relate to such program, and
 2 that either such agency will make available to the other
 3 agency such property, personnel, or funds as may be neces-
 4 sary to enable it to perform such duties.”

5 SEC. 4. Subsection ~~(d)~~ of section 602 of the Federal
 6 Property and Administrative Services Act of 1949 is
 7 amended by inserting after “Nothing in this Act” the fol-
 8 lowing: “~~(including the first sentence of section 203 (j)-~~
 9 ~~(2))~~”.

10 SEC. 5. No restrictions or conditions on the utilization
 11 of surplus personal property donated or sold at a discount
 12 for educational purposes or public health purposes, includ-
 13 ing research, prior to the enactment of this Act under the
 14 Federal Property and Administrative Services Act of 1949
 15 or any other Act dealing with the disposal of surplus prop-
 16 erty shall remain in effect after one year after the enactment
 17 of this Act.

18 *That paragraph (1) of subsection (j) of section 203 of the*
 19 *Federal Property and Administrative Services Act of 1949*
 20 *is amended (1) by inserting after “other supplies” the follow-*
 21 *ing: “(whether or not capitalized in a working-capital or*
 22 *similar fund)”, and (2) by adding at the end thereof the*
 23 *following: “No property shall be transferred under this*
 24 *subsection until the Secretary of Health, Education, and*
 25 *Welfare has received from an appropriate State agency or*

1 official a certification that such property is usable and needed
2 for educational or public health purposes in the State. In
3 determining whether or not property is to be donated under
4 this subsection, no distinction shall be made between property
5 capitalized in a working-capital fund established pursuant
6 to section 405 of the National Security Act of 1947, as
7 amended, or any similar fund, and any other property.”

8 SEC. 2. (a) Subsection (j) of section 203 of the Federal
9 Property and Administrative Services Act of 1949 is
10 amended by adding at the end thereof the following new
11 paragraph:

12 “(4) The Secretary of Health, Education, and Welfare
13 may impose reasonable terms, conditions, reservations, and
14 restrictions upon the use of any single item of property
15 donated under this subsection which has an acquisition cost
16 of \$2,500 or more.”

17 (b) The amendment made by subsection (a) shall apply
18 only with respect to property donated after the date of enact-
19 ment of this Act.

20 SEC. 3. Section 203 of the Federal Property and Ad-
21 ministrative Services Act of 1949 is amended by adding at
22 the end thereof the following new subsection:

23 “(m) The Secretary of Health, Education, and Welfare,
24 or the head of any Federal agency designated by the Secre-
25 tary, is authorized to enter into cooperative agreements with

1 *State departments of education or health, and with other*
2 *State agencies, which are responsible for carrying out in*
3 *the States the program for the utilization of surplus property*
4 *for educational purposes and health purposes provided for*
5 *in subsections (j) or (k) of this section. Such cooperative*
6 *agreements may provide for utilization by such Federal*
7 *agency, without payment or reimbursement, of the property,*
8 *facilities, personnel, and services of the State agency in*
9 *carrying out such program, and for making available to*
10 *such State agency, without payment or reimbursement,*
11 *property, facilities, personnel, or services of such Federal*
12 *agency in connection with such utilization."*

13 *SEC. 4. (a) In the case of personal property donated*
14 *or sold at a discount for educational purposes or public*
15 *health purposes, including research, under any provision*
16 *of law enacted prior to the enactment of the Federal Property*
17 *and Administrative Services Act of 1949, no term, condition,*
18 *reservation, or restriction imposed on the use of such prop-*
19 *erty shall remain in effect after the date of the enactment of*
20 *this Act. This subsection shall not be deemed to terminate*
21 *any civil or criminal liability arising out of a violation of*
22 *such a term, condition, reservation, or restriction if a judicial*
23 *proceeding to enforce such liability is commenced within one*
24 *year after the enactment of this Act.*

25 *(b) No term, condition, reservation, or restriction im-*

1 posed upon the use of any single item of property donated
2 under section 203 (j) of the Federal Property and Admin-
3 istrative Services Act of 1949 prior to the enactment of this
4 Act which has an acquisition cost of less than \$2,500 shall
5 remain in effect after the expiration of the one-year period
6 which begins on the date of the enactment of this Act. This
7 subsection shall not be deemed to terminate any civil or
8 criminal liability arising out of a violation of such a term,
9 condition, reservation, or restriction if a judicial proceeding
10 to enforce such liability is commenced within one year after
11 the expiration of such one-year period.

12 SEC. 5. Section 203 of the Federal Property and Ad-
13 ministrative Services Act of 1949 is amended by adding at
14 the end thereof the following new subsection:

15 “(n) The Secretary of Health, Education, and Welfare
16 shall submit, during each calendar quarter, a report to the
17 Senate (or to the Secretary of the Senate if the Senate is not
18 in session) and to the House of Representatives (or to the
19 Clerk of such House if it is not in session) showing the ac-
20 quisition cost of all personal property donated under sub-
21 section (j) and of all real property donated under subsection
22 (k) during the preceding calendar quarter to, or for distribu-
23 tion to, educational or public health institutions in each State,

1 *Territory, and possession. The first report under this sub-*
2 *section shall be made with respect to property donated during*
3 *the first calendar quarter which begins after the enactment of*
4 *this subsection."*

[Report No. 206]

A BILL

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

By Mr. McCORMACK

JANUARY 31, 1955

Referred to the Committee on Government Operations

MARCH 14, 1955

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

3/16/55

the 1956 and subsequent rice acreage allotments on a farm in accordance with previous acreage allotment (H. Rept. 223)(p. 2596).

13. SURPLUS PROPERTY; EDUCATION. The Rules Committee reported a resolution providing for the consideration of H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949, relative to the administration of the program for the utilization of surplus property for education, etc. (p. 2588). Rep. Lane spoke in favor of this bill (pp. 2594-5). Received a Nev. Legislature memorial favoring this bill (p. 2597).
14. TAXATION. Conferees were appointed in both Houses on H. R. 4259, to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates (pp. 2545, 2571).
15. RUBBER. The Armed Services Committee voted to report adversely H. Res. 170, to declare that the House of Representatives does not favor sale of the facilities as recommended in the report of the Rubber Producing Facilities Disposal Commission submitted to the Congress on Jan. 24, 1955, and H. Res. 171, to disapprove the proposed sale to the Shell Oil Company of certain synthetic rubber facilities as recommended by the Rubber Disposal Commission report (p. D209). Rep. Patman spoke against disposal of the synthetic-rubber producing plants and inserted his letter to Rep. Vinson on this subject (pp. 2573-6).
16. HEALTH. Rep. Miller, Calif., discussed and commended some of the work carried on by the Public Health Service (pp. 2578-9).
17. BANKING AND CURRENCY. Both Houses received the 41st Annual Report of the Board of Governors of the Federal Reserve System for the 1954 calendar year (pp. 2522, 2595).
18. FORESTRY; RECLAMATION. Received Nev. Legislature memorials favoring "adequate care and maintenance and needed expansion" of national forest recreational areas in Nev. and local and State development of small irrigation and reclamation projects (p. 2597).
19. LEGISLATIVE PROGRAM as announced by Majority Leader McCormack: Today, Mar. 17, bill on donation of surplus property for education, etc.; Fri., 2nd supplemental appropriation bill (p. 2594).

COMMITTEE HEARINGS RELEASED BY GPO

20. PRICE SUPPORTS. H. R. 12, to reestablish 90% price supports on basic commodities. H. Agriculture Committee.

BILLS INTRODUCED

21. FORESTRY. S. 1463, by Sen. Murray, to provide for the management and disposition of certain public domain lands in the State of Okla.; to Interior and Insular Affairs Committee (p. 2523). S. 1464, by Sen. Murray, to authorize the Secretary of the Interior to acquire certain rights of way and timber access roads; to Interior and Insular Affairs Committee (p. 2523). H. R. 4994, by Rep. Matthews, to establish public use of the national forests as a policy of Congress; to Agriculture Committee (p. 2596).

22. PERSONNEL. S. 1467, by Sen. Young, to amend the Universal Military Training and Service Act to provide for the deferment and exemption of certain persons employed as veterinarians by the Department of Agriculture; to Armed Services Committee (p. 2523).
- H. R. 4979, by Rep. Broyhill, to authorize and direct the Civil Service Commission to make a study of the classification of, and rates of basic compensation payable with respect to, technical, scientific, and engineering positions in the classified civil service; to Post Office and Civil Service Committee (p. 2596).
- H. R. 4987, by Rep. Forand, to provide for further effectuating the act of May 15, 1862, through the exchange of employees of the U. S. Department of Agriculture and employees of State political subdivisions or educational institutions; to Agriculture Committee (p. 2596).
- H. R. 4998, by Rep. Sikes, "to amend sec. 202 (7) of the Classification Act of 1949"; to Post Office and Civil Service Committee (p. 2597).
23. FARM MACHINERY. S. 1468, by Sen. Young (for himself and Sen. Wiley), to provide for payment to farmers of the amount of tax paid on gasoline used by them in farming; to Finance Committee (p. 2523).
24. FARM LOANS. S. 1472, by Sen. Dworshak, to enable the Secretary of Agriculture to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen; to Agriculture and Forestry Committee (p. 2524).
- S. Pak.,
25. WEATHER. S. Res. 82, by Sen. Case, requesting the Secretary of Commerce and the Secretary of Agriculture to report to the Senate Committee on Agriculture and Forestry as to the steps taken to improve and expand horticultural and agricultural weather forecasting services; to Agriculture and Forestry Committee (p. 2529). Remarks of author (p. 2529).
26. FLOOD CONTROL. H. R. 4980, by Rep. Buckley, to provide for the operation and maintenance of certain flood control projects by local interests; to Public Works Committee (p. 2596).
27. TOBACCO. H. R. 4989, by Rep. Jennings, to amend the tobacco-marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to Agriculture Committee (p. 2596).
28. WHEAT. H. R. 4995, by Rep. Metcalf, to preserve the wheat acreage history of farms voluntarily underplanting their allotments; to Agriculture Committee (p. 2596).

ITEMS IN APPENDIX

29. EXTENSION WORK. Sen. Potter inserted John A. Hannah's, pres., Michigan State College, address commending the contribution of the land-grant colleges to agriculture, the field of engineering, and the arts and stating "certainly they deserve the bulk of the credit in the field of agriculture" (pp. A1771-3).
- Sen. Potter inserted a press release issued by Michigan State College reaffirming the historical heritage of the College as the first agricultural college in the Nation (pp. A1782-3).

CONSIDERATION OF H. R. 3322

MARCH 16, 1955.—Referred to the House Calendar and ordered to be printed

Mr. O'NEILL, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 179]

The Committee on Rules, having had under consideration House Resolution 179, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 26

84TH CONGRESS
1ST SESSION

H. RES. 179

[Report No. 221]

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1955

Mr. O'NEILL, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 3322) to
5 amend the Federal Property and Administrative Services
6 Act of 1949 so as to improve the administration of the
7 program for the utilization of surplus property for educational
8 and public health purposes. After general debate, which
9 shall be confined to the bill, and shall continue not to exceed
10 one hour, to be equally divided and controlled by the chair-
11 man and ranking minority member of the Committee on
12 Government Operations, the bill shall be read for amendment
13 under the five-minute rule. It shall be in order to consider

1 without the intervention of any point of order the substitute
2 amendment recommended by the Committee on Government
3 Operations now in the bill, and such substitute for the pur-
4 pose of amendment shall be considered under the five-minute
5 rule as an original bill. At the conclusion of such considera-
6 tion the Committee shall rise and report the bill to the House
7 with such amendments as may have been adopted, and any
8 member may demand a separate vote in the House on any
9 of the amendments adopted in the Committee of the Whole
10 to the bill or committee substitute. The previous question
11 shall be considered as ordered on the bill and amendments
12 thereto to final passage without intervening motion except
13 one motion to recommit with or without instructions.



84TH CONGRESS
1ST SESSION

H. RES. 179

[Report No. 221]

RESOLUTION

Providing for the consideration of H. R. 3322,
a bill to amend the Federal Property and
Administrative Services Act of 1949 so as to
improve the administration of the program
for the utilization of surplus property for
educational and public health purposes.

By Mr. O'NEILL

MARCH 16, 1955

Referred to the House Calendar and ordered to be
printed

disease-ridden belt, often sounds coarse and cheap—not because we intend it but because we do not know the world in which we live.

We tell about our high standard of living, how well our workers eat, the fine houses they live in, and it sounds like boasting and bragging. We send technical experts abroad to help in seed selection, soil conservation, malaria control and the like. But we never raise our voice for reforms of the vicious tenancy system of Asia under which increased production inures to the benefit of a few. We seem to forget that health programs unrelated to land-distribution projects, minimum wages, maximum hours of work, and the like merely increase the number of people among whom the existing poverty must be rationed.

We talk about democracy and justice; and at the same time we support regimes whose object is to keep democracy and justice out of the reach of the peasants for all time. We put billions of dollars behind corrupt and reactionary governments which exempt the rich from income taxes and fasten the hold of an oligarchy tighter and tighter on the nation. The fact is that America has been so engrossed in providing a defense against communism that we have lost the initiative. Our great weakness has been or negative attitude. We have been anti-Communist. We have been pledged to root it out and expose it for all its ugliness. We have taken up the hunt inside the country for every human being who was, is, or may be, a Communist. Yet no matter how feverish our efforts, the red tide of communism seems to spread abroad. We are seized with panic as the waters lap at feeble dikes. So we rush to the support of every group which opposes Soviet communism. That puts us in partnership with the corrupt and reactionary groups whose policies breed the discontent on which Soviet communism feeds and prospers.

This negative attitude, the policy of merely defending against communism, is one reason for our default. The other basic reason is that we have relied more and more on our military to do our thinking and planning for us. Beginning in 1945 with the fall of Japan we entrusted most of our attitude toward Asia to the Army. The military made policy for us. It is no reflection on the military to deplore that fact. The situation in Asia is delicate and complex. It requires astute handling at the political level—the best that we can muster in skill and understanding.

As a consequence of our negative attitude and military approach to problems, the tide of Soviet communism has picked up momentum. The trend will continue; and the part of the world on which communism has not fastened itself will become smaller and smaller as long as our policy is merely negative or dominated by military thinking. The Communists are not merely anti-status quo. They have concrete programs of political action in every country. If we are to regain the initiative, we must use our ingenuity to invent ways to aid the peasants in their revolutionary aims. We must take over the guidance and direction of these revolutions if we want a free world.

We have thought we could save the world from communism by dollars. It is, however, ideas not dollars that count the more in this campaign. Dollars are secondary. They must be conserved until an honest, progressive government comes into power. Then they can be used in select ways to help the natives build a new economy.

America is fitted by tradition for directing and guiding the revolutions that sweep the earth. We won our freedom by revolution and set the example which today inspires the peasant of Asia. We cannot remake the world in our image; but we can help those who are seeking an escape from

squalor to find alternatives to communism. We cannot do it by talking democracy to these people. We can do it only by making our foreign policy understandable in terms of their aspirations: medical care, education, distribution of land to the peasants, modern agriculture, free elections, independence from foreign domination. If we took that stand not only in rhetoric but in action, the political implementation of the program would be relatively easy. The Philippines, already the showcase of Asia, could be transformed into a healthy, prosperous, democratic community.

India and Israel are examples of the strength and stability that democratic forces can mobilize. These nations have domestic programs that make communism internally an empty threat. What Israel and India have done can be done elsewhere.

There are liberal forces in practically all of the Asiatic countries which can do the same. At times they are either in a minority position in the cabinet or outside the government completely. But each country has men who have the dream of a new freedom for their people, who have the character and ability to rid the nation of the feudal system that has existed from time out of mind. In other words, there is both the leadership and the energy within these countries to accomplish the necessary programs of social reconstruction.

We must be, and remain, strong as a military power in case Russia shifts from political to military action. But meanwhile our only real defense against communism is a political offensive, a political offensive with action rather than with rhetoric. The hour is late; but so long as world war III has not struck, it is not too late.

Mr. Speaker, this statement by Justice Douglas deserves careful thought and consideration. There is also much food for thought given by Columnist Dorothy Thompson in today's Washington Star. She calls attention to the danger of reckless statements made in the Congress and in the press which label every realistic appraisal of foreign policy as a move that spells appeasement. I hope every Member of the Congress will have an opportunity to read her timely and thoughtful column. In it she also points to the danger in statements that frighten and confuse our own people and which increase the tensions which lead to war.

Again, Mr. Speaker, I want to say that I am glad to associate myself with my colleagues here today who see the need for a more realistic approach if we are to win the hearts and minds of the freedom-loving people everywhere in the fight against Communist aggression and all forms of totalitarian tyranny.

(Mr. RHODES of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. HOLT. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I yield to the gentleman.

Mr. HOLT. I thank the gentleman.

I think, too, that it is a healthy thing for the younger Members of Congress to discuss foreign policy. I am the youngest Member on this side of the aisle, and I am very much interested in these remarks that have been made concerning our foreign policy.

I am sorry that I missed some of the gentleman's original remarks. I do not happen to have a copy of his statement, but I should like to ask the gentleman one question. How does the gentleman

propose, under his plan, to require the Soviet Union to draw back to its borders, to compel them to do so?

Mr. REUSS. The suggestion is that the President should tell the world that if the Soviet Union will withdraw to its borders, we, the free world, will do the following: There will be German unification and a free, united Germany. The 10 countries now enslaved by Soviet Russia will be free and will become members of a larger central and eastern European federation. Then united Germany and those 10 nations to be liberated by this action would be without arms to make aggressive war—arms which, over the years, have been Soviet Russia's main excuse for some of the outrageous actions of which she has been guilty.

I do not for one moment suggest that Soviet Russian would agree to such a plan. I do not know. We cannot tell until we try it. If we try it and if we succeed, then we will have gone a long way toward removing the tensions of this world. If we try it and we fail, then we will have for the first time clothed ourselves in the armor of righteousness with respect to a united Germany and a free Eastern Europe and to a wholesome order in Eastern Europe.

The SPEAKER pro tempore (Mr. METCALF). The time of the gentleman from Wisconsin [Mr. REUSS] has expired.

Mr. HOLT. Mr. Speaker, I ask unanimous consent that the gentleman be granted 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLT. If the gentleman will yield to me further, have we not done that in Europe in the case of Austria? Have we not proposed that Austrians be allowed free elections? The Soviet Union will not permit that. Let us take a country that wants to be free now and one that is not behind the Iron Curtain.

Mr. REUSS. Certainly it is very true that Soviet Russia has outrageously dragged its feet for 10 years on the question of a unified Austria. I think the proof of a sound American foreign policy is to be found in the fact that today in Austria, whether one goes to the French or the British or the American or the Soviet zone, one will find that 99 percent of the Austrian people are firmly on our side. One will not find that in other areas of Europe today, because we have not pursued a similar policy there.

What I am suggesting is that we put before the people of Europe, free or enslaved, a plan, a program, a formula which will hold out to them some hope of freedom and peace.

Mr. HOLT. Let us turn to a part of the world that is in the newspapers today, Formosa. It is my opinion that time and time again the President of this country, the United Nations, and the free world have shown their good faith. I wonder how much more we can do to get the Soviet Union to believe in our good faith so far as the peace of the world is concerned. Speaking still of the situation in Formosa, is it my understanding that the gentleman desires that Red

China be admitted to the United Nations?

Mr. REUSS. I cannot imagine why the gentleman would make that statement, since he must have heard me say just a moment ago that I am emphatically opposed to recognition of Red China. I emphatically oppose the admission of Red China into the United Nations. I emphatically adhere to our treaty recently made with Chiang Kai-shek for the mutual defense of Formosa. I emphatically adhere to the provisions of the recent resolution of this House, for which I believe the gentleman voted and for which I voted, to defend Formosa against Red aggression.

What I am saying is that we should get ourselves in a good moral position so that we can appeal to the 1 billion uncommitted people in that portion of the world and get them on our side so that we do not have to go it alone if war comes.

Let me say further that if the gentleman now or later has any suggestion for the improvement, for the making more creative of the modest proposals here offered, I hope he will see me so that we can work together for the peace I know we all want.

Mr. HOLT. Have we not shown our good intentions by wanting to have Red China settle the Formosan question, but Red China will not agree?

Mr. REUSS. I suggest that the less we let ourselves be perturbed and nudged from our path by Red China the better. If the gentleman will recall my remarks, I mentioned Red China not at all. I am not in favor of appeasing Red China. I am in favor of building up a strong alliance of freedom-loving peoples so that if you and I have to fight for Formosa we can do it knowing we are fighting on the side of righteousness.

Mr. HOLT. Is it not a fact that we have been doing that through the wonderful agreement that Secretary Dulles entered into on behalf of the United States, the Manila Pact, which in one part will temporarily halt the Communist aggression, and in the second and third parts will use economic and technical assistance by the great importance for the first time of recognizing subversion for what it is? Does not the gentleman agree that is a step in the right direction?

Mr. REUSS. The gentleman entirely agrees that that is a step in the right direction. Now we must clothe those bare military bones with the life that comes from the economic, social, and political proposals such as those under discussion this afternoon.

Mr. HOLT. The gentleman agrees with the foreign policy of the Eisenhower administration and the fine job Secretary of State Dulles has done?

Mr. REUSS. I emphatically agree that in the military sphere the administration is doing a job that is close to adequate. I very often wish they would be more forthright and strong in their military requests here. I will back them to the hilt when they are. But militarism alone will not save the world. What we are talking about here is using the thoughts that have been in our Christian

heritage for many years in the field of politics and economics and social life.

Mr. HOLT. I was interested in the gentleman's remarks about colonialism, which after all was under a different administration. I am glad this administration has corrected it. If we are to spend more money on this economic and technical assistance, how can we do it and at the same time vote for a tax cut?

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. HOLT. Mr. Speaker, I ask unanimous consent to proceed for an additional 5 minutes.

Mr. ROOSEVELT. Mr. Speaker, I object. I think there is another special order.

UNITED NATIONS TRUSTEESHIP FOR FORMOSA

(Mr. LAIRD asked and was given permission to address the House for 1 minute.)

Mr. LAIRD. Mr. Speaker, this afternoon a very interesting discussion has been carried on here on the floor of the House of Representatives about a "new foreign policy" for the United States. I cannot see any new foreign policy in the suggestions which have been made here on the floor of the House this afternoon. Most of the suggestions which have been made would merely be a return to appeasement and to handing over to international communism everything it wants.

The suggestion which was made on the floor this afternoon by the gentleman from Wisconsin [Mr. REUSS] for U. N. trusteeship for the island of Formosa must not go unanswered. This 84th Congress on January 25, 1955, enacted a resolution which announced to the world that our policy was and would continue to call for the defense of the Island of Formosa. The suggestion of the gentleman from Wisconsin [Mr. REUSS] merely muddies the water and actually is an attempt to destroy much of the effect of the solidarity which was expressed by this Congress on the defense of Formosa. It would indeed be a great mistake if from this discussion on the floor of the House of Representatives it were reported throughout the world that we in America are giving serious consideration to a U. N. trusteeship for Formosa. Our policy to defend Formosa has been ably presented in the resolution which we have already passed in this 84th Congress. The suggestion of the gentleman from Wisconsin [Mr. REUSS] for a U. N. trusteeship of the Island of Formosa should certainly at this time not be given any serious consideration by this House. Furthermore, we cannot afford to give our Communist enemies the impression that the United States Congress is divided on the issue of defending Formosa. Such suggestions are only serving to endanger the peace and the lives of our citizens. The road of appeasement leads to a U. N. trusteeship for Formosa. Certainly we do not want to go down that road today and we should overwhelmingly maintain our support of our previously passed Formosan resolution.

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

Mr. O'NEILL, from the Committee on Rules, reported the following privileged resolution (H. Res. 179, Rept. No. 221), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3322) to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Government Operations, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Government Operations now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

SPECIAL UNITED NATIONS FUND FOR ECONOMIC DEVELOPMENT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New Jersey [Mr. THOMPSON] is recognized for 30 minutes.

Mr. THOMPSON of New Jersey. Mr. Speaker, I would like to commend the gentleman from Wisconsin for his able presentation and especially for the effort to which he has gone in the preparation of his remarks. I think that his approach is sound and I find myself in agreement with much that he has said.

I do not think the gentleman from Wisconsin or any of his colleagues who have supported him with their collateral remarks have conceived that they are setting down a new foreign policy for the United States of America. In my opinion, they have simply added thoughts which they have developed on subjects which have been discussed before and have in a sense, in this particular instance, enlarged those thoughts.

Those of us in the United States face a double- or triple-barreled problem in the field of foreign policy. We all know that the Soviet Union represents a very potent military threat to the free world. This is a very real challenge and one that we will have to face for many years to come. Without minimizing that threat in the slightest degree, and with the realization that we must even improve our military readiness in the face of it, I suggest that this is not our only immediate problem.

DESIGNATION OF ESCORT COMMITTEE

The SPEAKER. The Chair appoints as members on the part of the House, to escort our distinguished visitor to the Chamber, the gentleman from Massachusetts [Mr. McCORMACK], the gentleman from Massachusetts [Mr. MARTIN], the gentleman from South Carolina [Mr. RICHARDS], and the gentleman from Ohio [Mr. VORYS].

The House will stand in recess subject to the call of the Chair.

RECESS

Accordingly (at 3 o'clock and 32 minutes p. m.), the House stood in recess, subject to the call of the Chair.

During the recess, the following occurred:

The Doorkeeper announced the Right Honorable Robert Gordon Menzies, Prime Minister of Australia.

Mr. Menzies, escorted by the committee of Representatives, entered the Hall of the House of Representatives and stood at the Clerk's desk. [Applause, the Members rising.]

The SPEAKER. Members of the House of Representatives, it is my great pleasure, and I deem it a high privilege, of being able to present the representative of a great and a proud people of a free Commonwealth, the Prime Minister of Australia. [Applause, the Members rising.]

Mr. MENZIES. Mr. Speaker, it is almost 5 years since I last stood in this place. I shall never forget it. I was escorted in by four powerful-looking Members. There were a lot of lights burning. People were taking pictures and making television. I had gone to great pains to make a few intelligible remarks. I put them down and I found I could not see them. I looked around. I knew there were Members here because I could hear them—but I could not see them. And, apart from my memories, the only souvenir I have is a photograph which shows me leaning forward with my eyes shut and Speaker RAYBURN leaning back with his eyes shut. [Laughter.]

But, sir, I would not have you think that that was the only memory I really carried away with me because a parliamentary assemblage has one supreme honor within its gift and that is to invite some representative of another country to be present, to which honor you, with infinite courtesy in this somewhat silent land, add the privilege of making a speech, which I am bound to tell you is something we have so far resisted in Australia. But for a representative of Australia to be here twice is a remarkable experience, and I welcome it because for the second time I can perform my true function in this place, and that is the function of speaking as the head of the Government of Australia to a nation which stands so high in the good will and the understanding and the memories of the Australian people.

I am, sir, within the limits of my capacity, a constant exponent of the need for personal contact among peoples of the world, particularly among

those who have responsibility. Therefore, I recall with great pleasure the visit of more than one Member of this House and of the Senate to Australia. So much is that the case that this afternoon I have had the fascinating experience of being able to greet quite a few well-known men in this place on terms of old friendship established in my own country.

I very well remember that before the war it was possible to encounter somebody in the United States who did not know where Australia was. A gentleman in San Francisco once assured me that he understood quite plainly it was on the east coast of the United States; a sort of off-shore island. But those days have gone. The war did many terrible things, and it created dangers which have not yet passed, but it did some wonderful things. I do not think anybody will ever be able to estimate the impact upon the Australian mind, and if I may say so, upon yours, of the existence in and around Australia for a long period of time of hundreds of thousands of young Americans. So that wherever we in my party go in the United States now we are bound to meet somebody who says: "I was out there with you," or: "My son was out there with you," or: "My nephew," or as the case may be. And this, I believe, has created a distinctive degree of understanding which, as far as I am concerned, always makes it so easy to get along with the people with whom I have to conduct discussions in the United States. In fact, I regret to tell you, Mr. Speaker, that it makes me feel so much at home that I am liable to speak too long when I am on my feet among people whom I feel to be my friends.

It is a very good thing, sir, if I might engage in a small homily, which is an ill reward for your kindness, it is a very good thing to make new friends in the world, and we must never regard the list as exhausted. We must never give up hope that in time to come we will have reached to the true heart of people who are now unavailable to us through some form of dictatorship, and that we may find some friendship with them. The search for new friends must always go on. But it is just as important to remember that old friends must be kept, and that old friends can easily be lost in this world by neglect or by indifference, by misunderstanding. Our opponent in the world understands that to perfection, and he devotes the bulk of his time in propaganda, in seeking to divide us, seeking to set up points of argument, seeking to establish some misunderstanding and every now and then some hostility between the people of the United States and the people of the British Commonwealth. We must constantly be on our guard against it. I have, and you have, from time to time, in this great country of yours read things so violently antagonistic to the British that I could not conceive that anybody except a Communist imperialist could get any pleasure out of it. I have in London, or elsewhere, occasionally read tirades about the Americans, and I have had exactly the same feeling. Of course

we are grownup people. We are adult nations. You are more adult than we are, because we are not so far along the journey of a developing nation. But we are grownup people, and we can afford in the context of our common freedom and our common understanding to discuss, to argue, to persuade, and refute. All of the things that you can engage in in this House, you engage in under the common enveloping garment of a free democracy, of a free parliamentary system.

It is because of that very freedom, because we take our freedom as a whole for granted in our own countries that we are able to engage in disputes and arguments to our hearts' content. But we know, do we not, that if it comes to the point, all arguments are forgotten. The one thing that comes uppermost is the pride that we have in being one free people in a country of which we are all proud. [Applause.]

I would like to think, Sir, that that spirit could pervade the whole of the free world. I would like to feel that in Canberra we could argue with Washington—and we are a fairly argumentative crowd at Canberra—that we could argue with Washington just as London could argue with Washington, just as we could all go on arguing with each other, not as if we were liable to become enemies, but on the footing that our friendship is indestructible and we may, therefore, speak frankly—with affectionate frankness—to each other. When that happens and the whole world knows that the people of the free world are not so easily put asunder by Communist propaganda, I believe that will be the most powerful deterrent weapon that the world will have produced, because the enemy is hoping all the time to divide us.

As I have just had the honor to say in another place, we know, do we not, that should this world pass down once more into the valley of a world war, we know, do we not, that we are all together in it.

Does anybody suppose that in such a catastrophe America would go one way and Australia another? Or Great Britain one way and America another? Not for one moment.

If there is one thing of which I have the most complete assurance in my heart and mind it is that in the supreme test we will be found together, just as surely, sir, as American and Australian troops were found together on the Kokoda trail. [Applause.]

If we remember that truth, that end truth, that ultimate truth, which is therefore the dominating truth of our relationship we then merely behave like intelligent men and women. If we determine that as we shall be together in that event, we shall practice being together every month and every year as time goes on, we shall learn more and more to understand each other, and the funny little differences that exist between us. May I, before I resume my seat, sir, mention one thing only? It is worth mentioning. In the United States you have as the head of the Government the President. The President, I admit, is not without political problems from time to time, but the President is Presi-

dent for 4 years; and whatever arguments may go on somewhere or other, he is President for 4 years, and, therefore, he has a fixed term and, therefore, a degree of executive authority which no Prime Minister of Australia could possibly aspire to have because the Prime Minister of Australia, I regret to tell you, is not elected for any term of office at all; he is here today and he might be gone tomorrow. It might happen.

These things have been known to happen in the past, oddly enough. Therefore, under our system of government, whatever a prime minister does must, in the first place, be intimately discussed with his colleagues in cabinet. He is not to commit the government to a view which he does not know he can sustain in his own cabinet. And his cabinet is not going to commit itself to a view that it does not believe it can carry through parliament. Therefore we tend to make all our policies by private discussion in the first place, and we produce the chicken fully fledged from the egg in due course. Sometimes it survives and sometimes it does not. Whereas in the United States of America, because of your system, there is a constant hammering out of public policy in committees and in Congress frequently before the point has been reached at which the policy is crystallized. I am not quarreling with your method. I see great advantages in it and some disadvantages. But what I am pointing out is that these are vastly different methods and that unless we understand the other man's method we may easily misunderstand the significance of something that is going on. Somebody reads a speech made in this House or in the Senate, somebody in Britain, somebody in Australia, and says: "I see that American opinion is so and so." But it may not be. [Applause.]

Sir, I have detained the House and trespassed on your patience long enough. I said something about winning new friends, something about the great glories of old friends. I am rather happy to think that I am making my bow to you in this place today as a young friend who happens to be the child of an old friend. I am not at all sure that the children of our old friends are not the most attractive of all. [Applause; the Members rising.]

The SPEAKER. The Chair desires to announce that the Prime Minister will be glad to stand in the well of the House and greet the Members.

The Prime Minister of Australia stood in the well of the House and received Members of the House of Representatives.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 4 o'clock and 16 minutes p. m.

PRINTING OF PROCEEDINGS DURING RECESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the proceedings that took place during the recess be made a part of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PROGRAM FOR REMAINDER OF WEEK

(Mr. McCORMACK asked and was given permission to address the House for 1 minute.)

Mr. McCORMACK. Mr. Speaker, tomorrow there will come up for consideration the donor property bill, in which many Members are interested, and in which there is tremendous interest throughout the country on the part of colleges, universities, and other schools, and hospitals. I do not believe there is any opposition to it, none that I know of, and I am the author of the bill and the chairman of the subcommittee that considered it. It was unanimously reported out by the Committee on Government Operations.

On Friday the supplemental appropriations bill will be taken up.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Massachusetts.

Mr. MARTIN. A good many Members are going to Aberdeen for some demonstrations the Army is putting on. Will there be apt to be a rollcall on Friday that the gentleman knows about?

Mr. McCORMACK. I know of no opposition to the second supplemental appropriation bill. There is no policy on the part of the leadership on our side, and I am sure none on the gentleman's side, to ask for a rollcall. However, one cannot guarantee that there will be no rollcall, if a quorum is not present and someone at the proper time makes a point of order.

Mr. ROONEY. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from New York.

Mr. ROONEY. May I point out that in the full Committee on Appropriations consideration of the Supplemental Appropriations bill on yesterday no controversy arose with regard to the provisions of the bill.

Mr. McCORMACK. If the exception should occur, which I hope it will not, I do not feel that I would be justified in putting over until Tuesday a rollcall on that bill.

STREAMLINE DISPOSAL OF SURPLUS PROPERTY TO HELP SCHOOLS AND HOSPITALS

(Mr. LANE asked and was given permission to extend his remarks at this point.)

Mr. LANE. Mr. Speaker, the main purpose of H. R. 3322 may seem to be obscured by technicalities, a conflict between law and regulation needs to be resolved. Under one accounting concept, that of the comptroller of the Department of Defense, surplus property that is capitalized into a stock fund, is not subject to donation.

As a result, the original intent of the Congress to help educational and public-health services, has been thwarted.

The Department of Defense normally disposes of 90 percent of all excess property.

Under regulation 7420.1 and in order to maintain the capitalization at the highest possible level, the Department of Defense has sold a considerable amount of such property during the last year, often and understandably, for scrap prices. An estimated \$2 billion worth of property, at acquisition cost, will be sold this year.

Much of this, which would be useful, and needed by educational and public-health institutions, is being diverted to private and sometimes speculative channels.

On the other hand, the Comptroller General of the United States has stated, as of March 3, 1955, that authority to donate property to beneficiary institutions under H. R. 3322 is also authority for responsible officials to take accounting credit to the extent of the impairment to the capitalization caused by the donation.

This, coupled with provisions to insure cooperation, compliance, and control, should speed up the orderly disposal of all surplus property.

Under the donable property program we want to see real and personal property that is no longer needed by the Federal Government transferred to nonprofit groups that will best serve the taxpayers and the public interest.

For too many years, our educational and public-health institutions have had to defer their needs because of the prior claims of the Federal Government on revenues and materials, primarily for national defense.

Our human resources have suffered accordingly.

It is only right and proper that the surplus property of the Federal Government should now be channeled to schools and hospitals and related nonprofit institutions, to repair deficiencies caused in part by the sacrifices we have previously asked of them.

Education and health go hand in hand to form the sturdy citizens who are this Nation's first line of defense.

This will clarify the situation and will make certain that the surplus property, paid for by the taxpayers, will revert to the use of public welfare agencies and will not be sold at giveaway prices to postwar profiteers.

Beneficial institutions can use much of this equipment in its original form. Many other items, considered as being strictly of a military nature, may be modified, converted, or cannibalized to high utility for educational and public health purposes.

The Committee on Government Operations received testimony showing that property is sometimes downgraded to come within the classification of scrap and salvage when it might, in fact, be used elsewhere in the Federal Government or perhaps made available for use in educational and public health institutions.

Within my own experience, as one Member of the Congress, I have had schools, and old folks, and small hospitals, plead for some of this surplus property so that they could continue

their good work without operating at a loss.

They could not understand how the Federal Government, as the custodian of property bought by the taxpayers' money, could permit surplus inventories to be bought dirt cheap by private operators who then proceeded to sell them back to the taxpayers at a considerable profit.

The present bill, enacted into law and conscientiously supervised, should correct these abuses.

It will also eliminate the technical roadblocks that have prevented some Government agencies from carrying out the full intent of the Congress.

The greatest good for the greatest number requires that surplus property of the United States shall be donated to eligible schools and hospitals in order to promote the public welfare and to strengthen the confidence of all citizens in the integrity of our Government.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 252. Joint resolution making an additional appropriation for the Department of Justice for the fiscal year 1955, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 4259) entitled "An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption, disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. MILLIKIN, and Mr. MARTIN of Pennsylvania to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. PRICE in three instances and in each to include extraneous matter.

Mr. SMITH of Mississippi in four instances and to include extraneous material.

Mr. GORDON and to include an article.
Mr. DORN of South Carolina in two instances and to include extraneous matter.

Mr. ROOSEVELT in five instances and to include extraneous matter.

Mr. ANFUSO (at the request of Mr. RODINO) in two instances and to include extraneous matter.

Mr. LESINSKI.

Mr. MORANO.

Mr. VAN ZANDT in two instances.

Mr. OSTERTAG and to include extraneous matter.

Mr. CURTIS of Missouri (at the request of Mr. OSTERTAG) in two instances and to include editorials.

Mr. DONDERO and to include an article.

Mr. CEDERBERG and to include a statement by the Postmaster General.

Mr. HARRISON of Nebraska and to include an editorial.

Mr. GEORGE and to include an editorial.

Mr. O'HARA of Minnesota and to include an editorial.

Mr. GUBSER (at the request of Mr. YOUNGER) in six instances and to include extraneous matter.

Mr. ASPINALL.

Mr. MATTHEWS and include a letter.

Mr. TUCK regarding a bill he introduced today.

Mr. KELLEY of Pennsylvania.

Mr. JOHNSON of Wisconsin and include extraneous matter.

Mr. LANHAM in two instances, in each to include extraneous matter.

Mr. O'HARA of Illinois in three instances, one dealing with the 44th anniversary of the landing of Magellan's sailors in the Philippine Islands.

Mr. DIGGS.

Mrs. KNUTSON (at the request of Mr. QUIGLEY) in two instances, in each to include extraneous matter.

Mr. FORAND (at the request of Mr. LANKFORD) and include an article which appeared in the Sunday Star of March 13.

Mr. LANKFORD in two instances and include an address by Arthur E. Taranino before the American Legion Club at Seat Pleasant, Md.

Mr. WILLIAMS of New Jersey in two separate instances, in each to include extraneous matter.

Mr. YATES and include extraneous matter.

Mr. DEROUNIAN (at the request of Mr. BYRNES of Wisconsin) and to include extraneous matter.

Mr. HAYWORTH.

Mr. MULTER in three instances and to include extraneous matter.

Mr. McCORMACK in two instances and to include extraneous matter.

Mr. JUDD and to include extraneous matters.

Mr. WIDNALL and to include an article.

Mr. BOSCH (at the request of Mr. MARTIN) and to include extraneous matter.

Mr. BURNSIDE.

Mr. LANE and to include an article notwithstanding the cost is estimated by the Public Printer to be \$200.

Mr. DAWSON of Utah (at the request of Mr. SCHWENGEL), and to include three articles.

Mr. SCHERER (at the request of Mr. MARTIN) and to include a newspaper editorial.

Mr. DONOVAN (at the request of Mr. LANE).

Mr. RABAUT in two instances and to include extraneous matter.

Mr. WILLIAMS of Mississippi (at the request of Mr. SMITH of Mississippi) and to include extraneous matter.

Mr. GARMATZ (at the request of Mr. ROONEY) and to include extraneous matter.

Mr. GATHINGS and to include an article.

Mr. CHENOWETH and to include an article notwithstanding the cost of printing is estimated by the Public Printer to be \$240.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. SMITH of Kansas (at the request of Mr. REES of Kansas) on account of important business for the remainder of the week.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 942. An act to repeal Public Law 820, 80th Congress (62 Stat. 1098), entitled "An act to provide a revolving fund for the purchase of agricultural commodities and raw materials to be processed in occupied areas and sold."

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (a 4 o'clock and 21 minutes p. m.) the House adjourned until tomorrow, Thursday, March 17, 1955, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

551. A letter from the Chairman, Board of Governors of the Federal Reserve System, transmitting the 41st Annual Report of the Board of Governors of the Federal Reserve System, covering operations during the calendar year 1954; to the Committee on Banking and Currency.

552. A letter from the Assistant Comptroller General of the United States, transmitting a report on the audit of the Federal National Mortgage Association for the fiscal year ended June 30, 1954, pursuant to the Government Corporation Control Act (31 U. S. C. 841). (H. Doc. No. 109); to the Committee on Government Operations and ordered to be printed.

553. A letter from the Under Secretary of Agriculture, transmitting the report on co-operation of the United States with Mexico in the control and eradication of the foot-and-mouth disease for the month of January 1955, pursuant to Public Law 8, 80th Congress; to the Committee on Agriculture.

554. A letter from the Director, Bureau of the Budget, Executive Office of the President, relative to reporting that the appropriation to the Department of Labor for "Unemployment Compensation for Federal Employees," for the fiscal year 1955, has been apportioned on a basis which indicates a necessity for a supplemental estimate of appropriation, pursuant to paragraph 2 of subsection (e) of section 3679 of the Revised Statutes, as amended; to the Committee on Appropriations.

555. A letter from the Administrator, Federal Facilities Corporation, transmitting the semi-annual report of the Federal Facilities Corporation on Tin Operations for the 6-month period ended December 31, 1954, pursuant to Public Law 125, 80th Congress; to the Committee on Banking and Currency.

556. A letter from the Attorney General, transmitting a draft of proposed legislation

entitled "A bill to establish a Commission and Advisory Committee on International Rules of Judicial Procedure"; to the Committee on the Judiciary.

557. A letter from the Director, Administrative Office of the United States Courts, transmitting a draft of proposed legislation entitled "A bill to amend section 1114 of title 18 of the United States Code, as amended, in reference to the protection of officers and employees of the United States by including probation officers of United States district courts"; to the Committee on the Judiciary.

558. A letter from the Chairman, Federal Communications Commission, relative to calling attention to a problem which has arisen which reads as follows: "1071. Gain from sale or exchange to effectuate policies of Federal Communications Commission," pursuant to section 1071 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BURLESON: Committee on House Administration. House Resolution 92. Resolution providing for expenses of conducting studies and investigations authorized by House Resolution 91; without amendment (Rept. No. 210). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Resolution 117. Resolution to provide funds for the investigations and studies made by the Committee on Interstate and Foreign Commerce pursuant to House Resolution 105; without amendment (Rept. No. 211). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. S. 913. An act to eliminate the need for renewal of oaths of office upon change of status of employees of the Senate; with amendment (Rept. No. 212). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Concurrent Resolution 85. Concurrent resolution authorizing the printing as a House document the pamphlet, "Our American Government, What Is It? How Does It Function?"; without amendment (Rept. No. 213). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Concurrent Resolution 90. Concurrent resolution authorizing the preparation and printing of a report on the Prayer Room established in the Capitol; with amendment (Rept. No. 214). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Concurrent Resolution 91. Concurrent resolution authorizing the printing of additional copies of hearings held by the Committee on Government Operations on the organization and administration of the military research and development programs; with amendment (Rept. No. 215). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Concurrent Resolution 93. Concurrent resolution authorizing reprinting of House Document 210 of the 83d Congress; with amendment (Rept. No. 216). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. Senate Concurrent Resolution 9. Concurrent resolution to print for the use of the Committee on the Judiciary additional copies of certain parts of the hearings on Interlocking Subversion in Government Departments; without amendment (Rept. No. 217). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Resolution 177. Reso-

lution authorizing additional copies of hearings entitled "Volume I of Agriculture Appropriation Bill, 1956"; without amendment (Rept. No. 218). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Joint Resolution 250. Joint resolution to amend the joint resolution of March 25, 1953, relating to electrical or mechanical office equipment for the use of Members, officers, and committees of the House of Representatives; without amendment (Rept. No. 219). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. H. R. 4534. A bill to amend the act establishing a Commission of Fine Arts; without amendment (Rept. No. 220). Referred to the Committee of the Whole House of the State of the Union.

Mr. O'NEILL: Committee on Rules. House Resolution 179. Resolution for consideration of H. R. 3322, a bill to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes; without amendment (Rept. No. 221). Referred to the House Calendar.

Mr. COOLEY: Committee on Agriculture. H. R. 2839. A bill to amend the rice marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; without amendment (Rept. No. 222). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 4356. A bill to amend the Agricultural Adjustment Act of 1938, with respect to rice allotment history; without amendment (Rept. No. 223). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURRAY of Tennessee: Committee on Post Office and Civil Service. H. R. 4644. A bill to increase the rates of basic salary of postmasters, officers, supervisors, and employees in the postal field service, to eliminate certain salary inequities, and for other purposes; without amendment (Rept. No. 224). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALBERT:

H. R. 4977. A bill to provide assistance to the States in the construction, modernization, additions, and/or improvement of domiciliary or hospital buildings of State- or Territorial-operated soldiers' homes by a grant to subsidize in part the capital outlay cost; to the Committee on Veterans' Affairs.

By Mrs. FRANCES P. BOLTON:

H. R. 4978. A bill to increase the penalties applicable to individuals convicted of violating certain narcotic laws, and for other purposes; to the Committee on Ways and Means.

By Mr. BROYHILL:

H. R. 4979. A bill to authorize and direct the Civil Service Commission to make a study of the classification of, and rates of basic compensation payable with respect to, technical, scientific, and engineering positions in the classified civil service; to the Committee on Post Office and Civil Service.

By Mr. BUCKLEY:

H. R. 4980. A bill to provide for the operation and maintenance of certain flood control projects by local interests; to the Committee on Public Works.

By Mr. CARRIGG:

H. R. 4981. A bill to amend the Natural Gas Act; to the Committee on Interstate and Foreign Commerce.

By Mr. CEDERBERG:

H. R. 4982. A bill to amend the act entitled "An act authorizing Federal participation in the cost of protecting the shores

of publicly owned property," approved August 13, 1946; to the Committee on Public Works.

By Mr. CELLER:

H. R. 4983. A bill to fix the fees payable to the Patent Office and for other purposes; to the Committee on the Judiciary.

By Mr. CRETELLA:

H. R. 4984. A bill to provide for the appointment of a district judge for the district of Connecticut; to the Committee on the Judiciary.

By Mr. DENTON:

H. R. 4985. A bill to amend title II of the Social Security Act to permit an individual to waive his right to receive benefits thereunder in order to preserve his right to receive benefits under other laws; to the Committee on Ways and Means.

By Mr. EDMONDSON:

H. R. 4986. A bill to provide assistance to the States in the construction, modernization, additions, and/or improvement of domiciliary or hospital buildings of State- or Territorial-operated soldiers' homes by a grant to subsidize in part the capital outlay cost; to the Committee on Veterans' Affairs.

By Mr. FORAND:

H. R. 4987. A bill to provide for further effectuating the act of May 15, 1862, through the exchange of employees of the United States Department of Agriculture and employees of State political subdivisions or educational institutions; to the Committee on Agriculture.

By Mr. JARMAN:

H. R. 4988. A bill to provide assistance to the States in the construction, modernization, additions, and/or improvement of domiciliary or hospital buildings of State- or Territorial-operated soldiers' homes by a grant to subsidize in part the capital outlay cost; to the Committee on Veterans' Affairs.

By Mr. JENNINGS:

H. R. 4989. A bill to amend the tobacco-marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

H. R. 4990. A bill to amend the tobacco-marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. KEOGH:

H. R. 4991. A bill to suspend for 1 year certain duties upon the importation of aluminum and aluminum alloys; to the Committee on Ways and Means.

By Mr. KING of California:

H. R. 4992. A bill to amend the Internal Revenue Code to provide that the gain from the sale of a residence by a taxpayer who has attained the age of 65 shall be excluded from gross income; to the Committee on Ways and Means.

By Mr. McMILLAN:

H. R. 4993. A bill to authorize the Board of Commissioners of the District of Columbia to permit certain improvements to business property situated in the District of Columbia; to the Committee on the District of Columbia.

By Mr. MATTHEWS:

H. R. 4994. A bill to establish public use of the national forests as a policy of Congress, and for other purposes; to the Committee on Agriculture.

By Mr. METCALF:

H. R. 4995. A bill to preserve the wheat acreage history of farms voluntarily underplanting their allotments; to the Committee on Agriculture.

By Mr. QUIGLEY:

H. R. 4996. A bill to incorporate the Society of the 28th Division; to the Committee on the Judiciary.

H. R. 4997. A bill to amend the Missing Persons Act to provide that premiums paid on insurance issued on the life of a person which are unearned by reason of being for a period subsequent to the date of death of

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 18, 1955
For actions of March 17, 1955
84th-1st, No. 48

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HIGHLIGHTS: House passed bill on donation of surplus property for education, etc.
Rep. Evins criticized Hoover Commission report on REA.

HOUSE

1. SURPLUS PROPERTY. Passed as reported H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949, relative to the administration of the program for the utilization of surplus property for educational and health purposes (pp. 2600-09). This bill makes it abundantly clear that the Administrator in his discretion may by regulation authorize the donation of surplus Federal property, subject to the provisions of the act, including property which has been capitalized in a working-capital fund, stock fund, revolving fund, or other accounting arrangement in several agencies; prohibits treating property in such funds differently from other property, in determining whether to donate it; prohibits transfer of such surplus property until HEW has received certification from the appropriate State agency or official that the property is usable and needed for educational or public health purposes in the State; clarifies the extent of HEW's authority to enforce compliance with terms and conditions imposed on the use of personal property, and provides that single items of personal property having an acquisition cost of less than \$2500 shall not be subject to the compliance operations of HEW; enables the Secretary of HEW, or the head of any Federal agency, designated by the Secretary to enter into cooperative agreements with State departments of health or education, and with other State agencies responsible for carrying out State programs; facilitates and reduces administrative costs at the Federal, State, and institution levels by removing the terms, conditions, reservations, or restrictions which were imposed pursuant to statutes enacted prior to the enactment of the Federal Property and Administrative Services Act of 1949; provides that compliance procedures on single items of personal property having an acquisition cost of less than \$2500 shall cease after the expiration

of a 1-year period; and requires HEW to submit quarterly reports to the Congress as to the amounts of real and/or personal property donated to institutions in each State, Territory, and possession.

2. MONOPOLIES. The Rules Committee reported a resolution providing for the consideration of H. R. 3659, to increase criminal penalties under the Sherman Antitrust Act (p. 2618).
3. INFORMATION; EDUCATION. Rep. Thompson, N. J., spoke in favor of his bills, H. R. 21 and H. R. 4698, to create a Federal Commission to plan the construction of a civic auditorium, etc., in D. C., and to establish a program of grants to States for the development of fine arts programs, etc., respectively (pp. 2615-6).

Legislature

4. LANDS; MINERALS. Received an Alaska memorial urging that withdrawn lands on St. Lawrence Island be opened to prospecting and mining (p. 2618).
5. RUBBER. The Armed Services Committee reported adversely H. Res. 170, to declare that the House of Representatives does not favor sale of the facilities as recommended in the report of the Rubber Producing Facilities Disposal Commission submitted to the Congress on Jan. 24, 1955 (H. Rept. 225); and H. Res. 171, to disapprove sale to the Shell Oil Company of certain synthetic-rubber facilities as recommended by the Rubber Producing Facilities Disposal Commission Report (H. Rept. 227) (p. 2618).

SENATE

6. RUBBER. A subcommittee voted to report adversely to the Banking and Currency Committee S. Res. 76, disapproving the sale of the facilities as recommended in the report of the Rubber Producing Facilities Disposal Commission; and disapproved a motion to reject S. Res. 78 and S. Res. 79, disapproving the sale of 3 synthetic rubber producing plants in Calif. (p. D213).

BILL INTRODUCED

7. TOBACCO; TRANSPORTATION. H. R. 5033, by Rep. Cooley, to amend section 203 of the Interstate Commerce Act in order to provide that in certain cases leaf tobacco shall not be considered an agricultural commodity for the purpose of the agricultural exemption for motor carriers under subsection (b) (6) of such section; to Interstate and Foreign Commerce (p. 2618).

COMMITTEE HEARINGS RELEASED BY GPO

8. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1955. H. Appropriations Committee.
9. WATER RESEARCH. H. R. 2104 and 2126, relating to research in the development and utilization of saline waters. H. Interior and Insular Affairs Committee.

ITEMS IN APPENDIX

10. EXTENSION WORK. Extension of remarks of Rep. Schwengel discussing the founding of land-grant colleges (pp. A1824-5).

84TH CONGRESS
1ST SESSION

H. R. 3322

IN THE SENATE OF THE UNITED STATES

MARCH 18 (legislative day, MARCH 10), 1955

Read twice and referred to the Committee on Government Operations

AN ACT

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That paragraph (1) of subsection (j) of section 203 of the
4 Federal Property and Administrative Services Act of 1949
5 is amended (1) by inserting after "other supplies" the follow-
6 ing: "(whether or not capitalized in a working-capital or
7 similar fund)", and (2) by adding at the end thereof the
8 following: "No property shall be transferred under this
9 subsection until the Secretary of Health, Education, and

1 Welfare has received from an appropriate State agency or
2 official a certification that such property is usable and needed
3 for educational or public health purposes in the State. In
4 determining whether or not property is to be donated under
5 this subsection, no distinction shall be made between property
6 capitalized in a working-capital fund established pursuant
7 to section 405 of the National Security Act of 1947, as
8 amended, or any similar fund, and any other property.”

9 SEC. 2. (a) Subsection (j) of section 203 of the Federal
10 Property and Administrative Services Act of 1949 is
11 amended by adding at the end thereof the following new
12 paragraph:

13 “(4) The Secretary of Health, Education, and Welfare
14 may impose reasonable terms, conditions, reservations, and
15 restrictions upon the use of any single item of property
16 donated under this subsection which has an acquisition cost
17 of \$2,500 or more.”

18 (b) The amendment made by subsection (a) shall apply
19 only with respect to property donated after the date of enact-
20 ment of this Act.

21 SEC. 3. Section 203 of the Federal Property and Ad-
22 ministrative Services Act of 1949 is amended by adding at
23 the end thereof the following new subsection:

24 “(m) The Secretary of Health, Education, and Welfare,
25 or the head of any Federal agency designated by the Secre-

1 tary, is authorized to enter into cooperative agreements with
2 State departments of education or health, and with other
3 State agencies, which are responsible for carrying out in
4 the States the program for the utilization of surplus property
5 for educational purposes and health purposes provided for
6 in subsections (j) or (k) of this section. Such cooperative
7 agreements may provide for utilization by such Federal
8 agency, without payment or reimbursement, of the property,
9 facilities, personnel, and services of the State agency in
10 carrying out such program, and for making available to
11 such State agency, without payment or reimbursement,
12 property, facilities, personnel, or services of such Federal
13 agency in connection with such utilization."

14 SEC. 4. (a) In the case of personal property donated
15 or sold at a discount for educational purposes or public
16 health purposes, including research, under any provision
17 of law enacted prior to the enactment of the Federal Property
18 and Administrative Services Act of 1949, no term, condition,
19 reservation, or restriction imposed on the use of such prop-
20 erty shall remain in effect after the date of the enactment of
21 this Act. This subsection shall not be deemed to terminate
22 any civil or criminal liability arising out of a violation of
23 such a term, condition, reservation, or restriction if a judicial
24 proceeding to enforce such liability is commenced within one
25 year after the enactment of this Act.

1 (b) No term, condition, reservation, or restriction im-
2 posed upon the use of any single item of property donated
3 under section 203 (j) of the Federal Property and Admin-
4 istrative Services Act of 1949 prior to the enactment of this
5 Act which has an acquisition cost of less than \$2,500 shall
6 remain in effect after the expiration of the one-year period
7 which begins on the date of the enactment of this Act. This
8 subsection shall not be deemed to terminate any civil or
9 criminal liability arising out of a violation of such a term,
10 condition, reservation, or restriction if a judicial proceeding
11 to enforce such liability is commenced within one year after
12 the expiration of such one-year period.

13 SEC. 5. Section 203 of the Federal Property and Ad-
14 ministrative Services Act of 1949 is amended by adding at
15 the end thereof the following new subsection:

16 “(n) The Secretary of Health, Education, and Welfare
17 shall submit, during each calendar quarter, a report to the
18 Senate (or to the Secretary of the Senate if the Senate is not
19 in session) and to the House of Representatives (or to the
20 Clerk of such House if it is not in session) showing the ac-
21 quisition cost of all personal property donated under sub-
22 section (j) and of all real property donated under subsection
23 (k) during the preceding calendar quarter to, or for distribu-
24 tion to, educational or public health institutions in each State,

1 Territory, and possession. The first report under this sub-
2 section shall be made with respect to property donated during
3 the first calendar quarter which begins after the enactment of
4 this subsection.”

Passed the House of Representatives March 17, 1955.

Attest:

RALPH R. ROBERTS,

Clerk.

84TH CONGRESS
1ST Session

H. R. 3322

AN ACT

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

MARCH 18 (legislative day, MARCH 10), 1955

Read twice and referred to the Committee on
Government Operations



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 84th CONGRESS, FIRST SESSION

Vol. 101

WASHINGTON, THURSDAY, MARCH 17, 1955

No. 48

Senate

The Senate was not in session today. Its next meeting will be held on Friday, March 18, 1955, at 12 o'clock meridian.

House of Representatives

THURSDAY, MARCH 17, 1955

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou Infinite and Supreme Being, who art the wisest of all counselors and the nearest of all companions, we humbly worship and adore Thee as our God and Father.

Grant that we may count it as our noblest obligation and highest privilege to obey Thy holy will and walk in Thy ways.

Help us to sense Thy presence in this Chamber and inspire us with the blessed assurance that Thou art willing and able to give us wisdom and understanding as we plan and labor for the welfare of our country and all mankind.

May we never be self-centered or indifferent to the needs of suffering and struggling humanity.

Make us eager to participate in the glorious task and adventure of leading men and nations out of bondage into freedom, out of darkness into light, out of sorrow into joy, and out of despair into hope.

Hear us in the name of the Christ, who went about doing good. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

SPECIAL ORDER

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the special order which I have for today be put over until Tuesday next, March 22.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ST. PATRICK'S DAY

(Mr. FLOOD asked and was given permission to address the House for

1 minute and to revise and extend his remarks and include therewith an article by Rev. John Tracy Ellis.)

Mr. FLOOD. Mr. Speaker, I cannot imagine that anybody knowing that my name is DANIEL JOHN FRANCIS JOSEPH FLOOD would be surprised when I wish you all "caed mille failtche," which in the Irish of Gael is "one hundred thousand welcomes."

We have a tendency, Mr. Speaker, you who know us, to embellish things a little bit upon occasion. These Halls have been hallowed with the names and services of hundreds of great Americans in whose veins flowed the proud blood of Irish ancestors. I am satisfied that these remarks of mine today will be added to eloquently by my colleagues in the House.

So, Mr. Speaker, I bring your attention today to an article appearing on the first page, where it should properly appear, of the Washington Post, The Character of St. Patrick, written by a man of God, because the Irish are people of God.

I ask unanimous consent, Mr. Speaker, to include this article in my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(The matter referred to follows:)

THE CHARACTER OF ST. PATRICK

(By John Tracy Ellis)

Six years from today will mark the 1500th anniversary of the death of St. Patrick, for according to an ancient tradition, it was on March 17, 461, at Saul in Ulster, that the great apostle of Ireland breathed his last.

But one does not need to anticipate the 15th centennial of his death to arouse interest in St. Patrick. For as many years as any living man can remember, the Christian world has commemorated his feast day with an enthusiasm rarely bestowed upon that of any other saint. How does one account for the fact that in practically every country where the faith of Christ has been preached there is a lively devotion to this man of the

fifth century about whom so relatively little is known?

One explanation is the deep and abiding love of the Irish people for their patron saint, a love that they carried with them when the sad misfortunes of their native land forced them to emigrate to the four corners of the earth a century ago. But the real answer lies deeper, for the keen and perceptive sense of the Irish does not readily permit them to give their hearts to a man unless they see something in him that especially recommends him as an object of their affection.

What, then, was it that the Irish saw in Patrick that made them conceive for him so lasting a love that they passed it on to succeeding generations as one of their most cherished traditions? Not only has it shone for 1,500 years among their own descendants but also among men of all nationalities who have come to know Patrick and to appreciate something of the significance of his life.

The answer to the question can, I think, be found only in the character of the saint himself. Born about 385 in Roman Britain, he was captured by Irish raiders at the age of 16 and taken as a slave, to Ireland, where for 6 years he tended the flocks of a pagan master. It was during this period of servitude in the solitary wastes of Slemish in County Antrim that he discovered the secret of God's love.

There he heard in his dreams the heavenly voice that directed him to the seacoast, and to an escape from slavery on a ship carrying Irish hounds to a port of what is today France.

A brief sojourn in Britain with his family did not still the voice which kept repeating that Patrick's true mission in life was the conversion of the pagan Irish. Once more he crossed the channel and put himself under the tutelage of St. Germanus (c. 378-448), the famous bishop of Auxerre. After he was ordained a priest his opportunity came when Palladius, the first bishop destined for Ireland, died and Patrick was appointed in his place.

Consecrated a bishop, Patrick lost no time in inaugurating his mission, and from the day of his landing in 432 to his death nearly 30 years later, he was unceasing in his efforts to uproot paganism and to plant the cross of Christ. He died in 461 with the consolation of knowing that he had succeeded beyond his fondest dreams.

In barest outline that is Patrick's story, but it tells nothing of how he accomplished the marvel of converting virtually an entire nation to the Christian faith in the short span of 30 years. That can only be accounted for—under the grace of God—by the character of the man, and that character can be explained solely in terms of the heroic virtues which Patrick manifested before the eyes of the pagan Irish.

There is an old proverb that says, "Words move, example draws." It was Patrick's example that proved the sincerity of the words which he spoke to the audiences gathered about him on the hillsides and in the valleys of Ireland.

It is not often that one can find the norms of character outlined by a Cambridge don in a way that may be applied to the saints. Yet I believe that the Reverend David Knowles, the new regius professor of modern history in the University of Cambridge, in his inaugural lecture of November 17, 1954, has given the formula that will reveal the spiritual greatness of St. Patrick.

Speaking of the manner in which the historian observes the course of events and the actions of men in an effort to record them as best he may, Professor Knowles said:

"As he watches he looks to see whether a man, by and large during his life, shows any evidence of acting according to a divine or moral law outside himself; whether he ever sacrifices his own profit or pleasure for the sake of a person or a principle; whether he shows evidence of loving other men, where by love we understand the classical definition of wishing them well and doing well to them; whether he puts justice before expediency; whether he is sincere and truthful.

His writings, and a study of his deeds, show how splendidly St. Patrick met these tests of true greatness. In the face of the fiercest opposition from the pagan druids, Patrick boldly declared, "Regardless of danger I must spread everywhere the name of God so that after my decease I may leave a bequest to my brethren and sons whom I have baptized in the Lord."

Not only did Patrick thus act according to a law outside himself, but from the moment of his youthful conversion among his flocks in Slemish, his entire energies were devoted to the fulfillment in his own life of the law of Christ and to its incessant promulgation in the lives of others.

In fact, one might say that for Patrick there was no other law than the divine law that he had learned through prolonged prayer and penance. As a consequence the Irish who listened to him preach knew at once that here, indeed, was a man of God.

Moreover, in the practical fulfillment of the directives of that divine law, St. Patrick was forced to abandon every element of worldly profit or human pleasure for the sake of those whom he sought to serve. He had come from a family of local prominence and considerable means, among whom he could have lived out his days in comfort and ease. But as he said in a moment of great stress, "I live among barbarians, a stranger and exile for the love of God * * * and the truth of Christ has wrung it from me, out of love for my neighbors and sons for whom I gave up my country and parents and my life to the point of death."

There could be no doubt, therefore, about the sacrifice that Patrick had made that pagan Ireland might be won to the principles of Christian belief. He had surrendered everything that a man holds dear, and the example of that sacrifice was to remain indelibly impressed upon the minds of the Irish from that day to this.

No man voluntarily forsakes every cherished human possession for the welfare of others unless he is motivated by a compelling love. That was the kind of love that St. Patrick had for the Irish. Opposition, suffering and disappointment he knew

apiently, but to him the crown of eternal life for himself, and for those whom he sought to save, was worth the price he had to pay.

More cruel by far than the opposition of enemies is betrayal by those who are supposed to be one's friends. That, too, Patrick experienced when some of his own associates charged him with a sin of his boyhood that he had humbly confessed years before.

But so well had he learned the lesson of perfect charity—like his divine Master and St. Stephen, the first martyr, before him—that he met the taunt of his accusers with the prayer, "I ask God that it may not be reckoned to them as sin."

It is also a characteristic of the saints to put justice before expediency. In this, Patrick was no exception to those rare men whose love of God and fellowman conquers a common human weakness to compromise with evil, in order that they may defend what they believe to be right.

That the democratic doctrine that all men are equal in the sight of God as preached by Patrick, should have been opposed by Loegaire, the High King of Tara, the Gaelic aristocracy and the pagan priests was to be expected, just as the oppressed people who lived under their harsh rule welcomed the emancipation which it held out to them.

When, therefore, Patrick for the first time came within sight of Tara on that memorable Easter eve of 433 and was told that the morrow was the day marked for lighting the new fire of the pagan festival, it would have been expedient for him to withdraw. For, as the account tells us, the druids immediately rushed to Loegaire to denounce the intruder who had dared to carry out the Christian ceremony of lighting the paschal fire on the neighboring hill of Slane.

But Patrick's loyalty to the greatest of all the church's festivals, which commemorates the resurrection of Christ from the dead, was more than a match for Loegaire and his druids. In the sequel the illegal flame of Patrick's paschal fire burned on triumphantly while the saint himself emerged victorious from the contest with the pagan priests. That incident, coming so soon after Patrick's landing in Ireland, was symbolic of two things: the fearlessness with which he pursued his goal, and the fact that the paschal fire which he lighted on that dark night on Slane was the first reflection of a Christian faith which would soon illumine the whole of Ireland.

Every quality that endears a man to his fellowmen St. Patrick had in abundance: a supernatural faith held aloft as an exalted ideal for which he would gladly die; a love of others so great that he would sacrifice all that he possessed for their well being; a touching humility that prompted him to confess publicly more than once his own sins; and earnestness of purpose through which there gleamed a transparent sincerity and truthfulness; and, finally, an utter reliance on God for whatever strength he had and for whatever good he had been able to accomplish.

These, then, were the elements of character and the inner forces that propelled Patrick through the long weary years during which he gathered the Irish nation within the Christian fold—and within the broad and tender embrace of his love—before he laid down his staff forever.

When at times he felt his interior strength begin to slacken amid the exhausting and discouraging labors of his apostolate, it was on the remote summit of Croagh Patrick in County Mayo that he sought the source of its renewal in the lonely vigils spent in communion with God. That is why descendants of his original converts still go each year on pilgrimage to the bleak mountain in Mayo and to the saint's tomb in Armagh. In these spots hallowed by the memory of Patrick, their own souls are refreshed for the battle of life.

St. Patrick built more firmly in Ireland than he had ever dreamed. In the succeeding centuries the little island more than once passed through savage persecutions for the religious faith of its people. One such persecution was described by the great Protestant statesman, Edmund Burke, as being "as well fitted for the oppression, impoverishment, and degradation of a people, and the debasement, in them, of human nature itself as ever proceeded from the perverted ingenuity of man."

Yet, in spite of every adversity, the Irish held tenaciously to the faith that Patrick had brought to them. One is reminded of the closing words of the Sermon on the Mount, where our Lord likened those who heard His words and acted on them to a wise man who built his house on rock, "and the rain fell, and the floods came, and the winds blew, and beat against that house, but it did not fall, because it was founded on rock." (Matthew 7: 25.)

Patrick was, indeed, a rock, and the faith and love in that rock have come down the centuries as unshaken as the day when the mortal remains of the great apostle of Ireland were laid away in his tomb at Armagh to await the final resurrection.

Striking testimony to the depth and intensity of that faith is afforded by the recently published report of the Irish Society for the Propagation of the Faith. At present, 4,870 missionaries from that little country are spread throughout every continent on the globe. Like Patrick before them, these heroic men and women have left everything that is dear to the human heart to carry to distant lands the precious gift which the great apostle bequeathed to their ancestors centuries ago. As the men of Asia, Africa, and the islands of the Pacific behold the lives of self-denial of these Irish missionaries of the 20th century may they, in God's chosen time, be prompted to echo the ancient prayer attributed to St. Patrick:

"Christ in the heart of every man who thinks of me.

Christ in the mouth of every man who speaks of me."

UTILIZATION OF SURPLUS PROPERTY

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 179 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3322) to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Government Operations, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Government Operations now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the

Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. O'NEILL. Mr. Speaker, I yield myself such time as I may need, and at the conclusion of my remarks I will yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

The SPEAKER. The gentleman from Massachusetts is recognized.

Mr. O'NEILL. Mr. Speaker, it is interesting today that we should be calling up a bill sponsored by the gentleman from Massachusetts [Mr. McCORMACK]. I know that were Mr. McCORMACK in Boston at this particular time he would be at a Gaelic and civic celebration in Dorcan's Old Harbor House, and he no doubt would be the central attraction of all those gathered there, and right he should be, for he is truly a great American.

In Boston today, Mr. McCORMACK's home town, there is a big celebration. To us it is Evacuation Day, because many, many years ago the people of Boston drove the Tories from Dorchester Heights, which is part of South Boston; and the Irish in South Boston and Greater Boston have been celebrating the event ever since. On that eventful day the good St. Patrick came to the aid and assistance of the old colonists in their War of the Revolution.

If you were to walk down the streets of South Boston today the common greeting would be: "Top of the morning to you"; and the response would be: "The rest of the day to you."

Mr. Speaker, I rise to urge the adoption of House Resolution 179, which will make in order the consideration of the bill (H. R. 3322) to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

House Resolution 179 provides for an open rule with 1 hour of general debate on the bill itself. The rule would make it in order to consider the substitute amendment recommended by the Committee on Government Operations now in the bill without the intervention of any point of order, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. Any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute and a motion to recommit with or without instructions would be in order.

H. R. 3322 would make it clear that the Administrator of the Federal Property and Administrative Services Act of 1949 could, by regulation, authorize the donation of surplus Federal property, subject to the provisions of the act, including property which has been capitalized in a working-capital fund, stock fund, revolving fund, or other accounting arrangement in several agencies.

Basically the Federal Property and Administrative Services Act of 1949 provides that property, both real and per-

sonal, which becomes surplus to all Federal requirements may be donated for educational purposes upon determination by the Secretary of Health, Education, and Welfare that the property is useful and needed for such purposes. The act also permitted the donation of real property for public-health purposes.

Congress under the Constitution has sole authority over the disposition of surplus Federal property. The function of the Congress is to decide what methods will best serve the interests of the taxpayer in this question of the disposal of this surplus property. Congress has realized that sufficient funds have not been available for essential public welfare purposes because of war expenditures and has repeatedly decided that the best course of action is to give educational and public-health institutions surplus property if useful and needed, since there has been a comparatively small return to the Treasury from the straight sale of surplus property up to the present time.

Mr. Speaker, it was pointed out during the hearings before the Committee on Rules that our educational institutions and our health centers are in great need of all the help which they can get in order to do the type of job that we all want them to do. H. R. 3322 was reported unanimously from the Committee on Government Operations and it is felt that the passage of H. R. 3322 would help these worthy institutions considerably. I hope that the House will see fit to adopt House Resolution 179 which will thus provide for the consideration of H. R. 3322 by the House.

(Mr. METCALF asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. METCALF. Mr. Speaker, the schools and health agencies of Montana, like those of the rest of the Nation, have a stake in this bill to correct the result of faulty administration and a lack of coordination between responsible executive agencies.

The Federal Property and Administrative Services Act of 1949 authorized the Secretary of Health, Education, and Welfare to allocate useful and needed surplus Government property to education and health agencies.

Since this program was established, almost \$1½ billion worth of public property has continued in public use. Under this program, in which 151 of our schools are participating, Montana has received a little over \$6 million worth of equipment and property they could not otherwise have afforded.

The operation of this program has been curtailed by a regulation issued February 1, 1954, by Comptroller McNeil, of the Department of Defense. This order puts certain inventories in stock fund, or working capital, accounts. Once surplus material is in a stock fund it cannot be donated. It can only be sold.

The bill now before you would reestablish the authority to allocate surplus property to schools, the authority which Congress provided and which existed prior to the date of the Defense

Department directive. I hope this Congress will reestablish that authority. I hope, too, that executive agencies then will stop trying to block our intent.

This surplus property belongs to the people, not to any Federal agency. Where useful and needed, this property should be used for the benefit of the people who bought and paid for it and whose schools and health agencies are in dire need of it.

In his education message to Congress, President Eisenhower said the crisis in education is in part a legacy of the years of war and defense mobilization. Yet by this directive, the Department of Defense is itself obstructing our efforts on behalf of our schools.

I have heard it said that the donable surplus property program is a school subsidy program. I would rather subsidize the schools than subsidize the junk dealers to the detriment of our schools. This latter is what has been happening since the directive was issued.

Surplus diverted by this directive has been, and is being, sold at auction, at a return of only 6 or 7 cents on the dollar. I doubt if the return from these auctions is much more than enough to pay for the cost of the auctions.

I am informed that under the donable-surplus-property program the Secretary of Health, Education, and Welfare had only been taking about 6 percent of the material available as being useful and needed for education and health. This authority should be reestablished.

In support of my statements concerning the importance of this program to my State of Montana, I include this correspondence from—

Mr. E. J. Tuomi, superintendent, School District No. 45, Augusta, Mont.:

I am taking this method of asking you to support any measure that will be in favor of schools and other State institutions to buy surplus property. This property has been purchased with tax money; therefore I am of the opinion that schools and State institutions supported by taxpayers should have the first opportunity to select and purchase donable property.

Our school just built a new shop, which is equipped with approximately 80 percent surplus equipment and tools. If surplus equipment would not have been available, we would not have been able to equip our shop, as we have for at least 3 years, because of the cost of the equipment.

I know you understand the financial problems of the Montana schools and the big help surplus equipment has been to us.

Mr. M. F. Whalen, superintendent, division of physical plant, Montana State College, Bozeman, Mont.:

I am writing to urge your support of H. R. 3322, pertaining to the disposal of surplus Federal property to schools and colleges.

We, at Montana State College, have actively participated in the donable-property program and have found it of tremendous benefit. We have obtained property that we could not otherwise have afforded for use both in instruction and maintenance.

However, the program has deteriorated badly this last year and has reached the point where very little material is available to the schools and colleges. It appears the material is going elsewhere.

I urge you again to do all within your power to secure passage of this bill.

Mr. W. J. Ernest, director, donable property division, State Department of Public Instruction, Helena, Mont.:

This agency has received surplus property from the Government in the amount of \$6,056,353 from 1946 through December 31, 1954. It has consisted of machine tools, carpenter tools, maintenance equipment of all kinds.

If this property is cut off as a result of the stock-fund accounts this agency will cease to exist, thus cutting off all property to schools and hospitals which have benefited by this program.

The taxpayers are realizing both direct and indirect savings and benefits through secondary utilization of Federal surplus property.

The program has enabled secondary and higher educational institutions to enlarge and expand their courses of study. Small schools which ordinarily would not have been in a financial position to offer specialized courses now have them as a part of their regular curricula as a result of this Federal donation program.

Results are both better and more extensive training of individuals, a salutary effect for both our armed services and the civilian economy.

The secondary use of Federal real property for educational purposes has been of great benefit to the taxpayers. Many thousands of veterans have been housed on university campuses through the use of the offsite transfer of buildings for use as dormitories, classrooms, and recreational centers.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, as the gentleman from Massachusetts has so ably explained, this resolution makes in order consideration of the bill H. R. 3322, from the House Committee on Government Operations, which is designed to clarify and strengthen the present laws as to the distribution of Government-owned surplus property.

There is now a great amount of such surplus property subject to distribution, and the bill H. R. 3322 would give, of course, priority to public health and educational institutions of the various States and local communities.

The measure was considered very thoroughly by a subcommittee of the House Committee on Government Operations and unanimously reported by that very able subcommittee to the full Committee on Government Operations, which devoted a day of consideration to the legislation, then in turn unanimously approved and reported the bill to the House. The measure was brought before the Committee on Rules, and a rule was granted unanimously by that committee. The rule, as explained, makes it in order 1 hour of general debate and then, under an open rule, it is subject, of course, to amendments under the 5-minute rule.

Mr. Speaker, I now yield to the gentleman from Massachusetts [Mrs. ROGERS].

(Mrs. ROGERS of Massachusetts asked and was given permission to revise and extend her remarks and include an editorial.)

Mrs. ROGERS of Massachusetts. Mr. Speaker, three towns in Greater Lowell, in my district, are having tercentennial observances in 1955. It is a significant year for these proud communities that

were founded back in 1655. I hope every Member of the House will visit these very beautiful and wonderful towns.

The editorial reads as follows:
[From the Lowell Sun of January 8, 1955]

TOWNS OF DISTINCTION

Three towns in Greater Lowell are having tercentennial observances in 1955. It is a significant year for these proud communities that were founded back in 1655.

Chelmsford, Billerica, and Groton are going to have birthday parties, to which national and State dignitaries have been invited. Each community has appointed a committee to work out the details of the festive celebrations, and we have no doubt that they will attract visitors from far and near.

These towns were founded long before the coming of heavy industry; they were basically agricultural communities, and there are still some of the finest and most modern farms in all of New England still being operated in this area.

The city of Lowell which regards these towns as excellent neighbors may be historically just a little closer to Chelmsford than it is to either Billerica or Groton. The town of Lowell, founded in 1826 when the textile pioneers decided to develop their huge plants because of the excellent water-power facilities, had been a part of Chelmsford, and it is historically interesting to note that the first newspaper made available to the people of Lowell was the East Chelmsford Phoenix.

There is no gainsaying that the three towns that are planning a jubilee have grown and prospered as the years have rolled by. But they have not lost their general pristine beauty.

The celebrations are scheduled for the spring and early summer, when everyone in the city and surrounding towns will join with the people of Groton, Billerica, and Chelmsford in marking 300 years of progress.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma [Mr. ALBERT].

(Mr. ALBERT asked and was given permission to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, I rise in support of this resolution and the bill which it makes in order. More specifically I rise to state that I feel it is most appropriate that this humanitarian and important proposal should be brought before this body for consideration on this day which is dedicated to the patron saint of a great land and a great people, a people who have been referred to rightly, I think, as the most human of all humanity, and a people who seem literally to sparkle with the joy of living and of loving their fellow man. It is, therefore, particularly appropriate that the greatest living American of Irish descent, should bring here on this St. Patrick's Day this measure which bears his name.

The official burdens of the majority leader in this body are enormous. The duties of his office call for tremendous capacities of leadership and diplomacy. His responsibilities as such are over and beyond his individual responsibilities as a Member of Congress representing his constituency in this House.

Despite this, the gentleman from Massachusetts [Mr. McCORMACK], the majority leader, not only sponsored this legislation, but he also headed the subcommittee which held hearings on it and reported it to the House.

Mr. Speaker, in view of the significance of this day, in view of the nature of this bill, in view of the position of its author in this body, in view of his background, in view of those lovable traits of character that endear him to all who know him, the enactment on this St. Patrick's Day of this humanitarian legislation, which bears the name of JOHN McCORMACK, is indeed most fitting.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. I say "Amen" to that with all my heart.

Mr. ALBERT. I thank the gentleman.

Mr. BROWN of Ohio. Mr. Speaker, may I add that I agree with all the fine sentiments expressed concerning the gentleman from Massachusetts whereby he is called the greatest living American. However, if the word "living" had not been included, I might have been compelled to object, because of the fact that one of my great grandfathers was also a full-blooded Irishman, and he, too, lived in Boston and was a great man in his own right. Next to my great grandfather, I will agree Mr. McCORMACK is the greatest Irishman to ever live in Boston.

Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. BALDWIN].

Mr. BALDWIN. Mr. Speaker, I rise in support of this bill, H. R. 3322. We have in the Sixth District of California five different military installations which have, in the course of their operations, considerable quantities of surplus property available for distribution. I have received many letters from California schools and hospitals relative to H. R. 3322 and advocating the passage of this bill. These letters have been from the State Department of Education, the Contra Costa Junior College, the Solano County superintendent of schools, St. Mary's College in Contra Costa County, and many high schools and grammar schools and other types of schools in my district. I think this bill is recognition of the fact that surplus property is much more beneficial to schools and hospitals than it would be if sold at surplus sale. I heartily endorse this bill.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. ASPINALL].

(Mr. ASPINALL asked and was given permission to revise and extend his remarks.)

Mr. ASPINALL. Mr. Speaker, I rise in support of the rule which would bring up for consideration H. R. 3322 and commend the chairman and members of the special subcommittee and of the full committee for the work they have done on this important matter.

I also wish to take this opportunity to express my personal appreciation to the majority leader, Mr. McCORMACK, of Massachusetts, for sponsoring this measure. He has always been in the forefront of the never-ending struggle to protect the rights of all of our people against those who would attempt, either by legislation or by executive order, to provide

for a selected few that which belongs to all.

Mr. Speaker, as the committee report points out, since the end of World War I Congress has enacted some 15 pieces of legislation designed to make available to educational and health institutions quantities of property acquired largely for war activities.

It is regrettable that the Comptroller of the Department of Defense used section 405 (d) of Public Law 216, 81st Congress, as his authority to, in effect, disregard the express intent of Congress as expressed in past legislation and more recently restated in Public Law 152 and Public Law 754 of the 81st Congress.

Mr. Speaker, the surplus property acquired by the institutions of this country under these laws have been of untold benefits to our people. Those who are advised are only too aware of the fact that education and health facilities have been and remain in scarce supply. In part this is due to the heavy and necessary demand made by the military services on an extremely large share of our taxes. However, it is only equitable that usable and needed properties which are surplus to all Federal requirements be made available to needy educational and health institutions for the general welfare. I would remind you, my colleagues, that a grand total of \$1,483,056,226 in real and personal property is not to be shrugged off lightly. This is the overall amount which was made available to the various institutions in the 48 States and Territories between 1946 through December 31, 1954. This represents approximately \$185 million per year. Of the total my own State of Colorado received \$8,512,030, or on the average of \$1,064,000 per year. This is an impressive achievement nationally as well as for the individual States and Territories. Are we to permit the Comptroller of the Department of Defense to cancel the benefits which have been made available to the institutions of our respective States? My answer to that question is, "No."

I would remind you, Mr. Speaker, that Mr. McNeil's regulation 7420.1, dated February 1, 1954, has resulted in selling to salvage dealers such surplus property rather than making it available for distribution to our schools and hospitals. In turn these salvage dealers, who obtained such surplus at a fraction of the original cost and realizing the need for this property, frequently offered it for sale to the institutions at rates which showed the huge profits involved to the salvage dealer.

In conclusion, Mr. Speaker, I should like to remind the Comptroller of the Department of Defense that Government agencies do not own property, but rather that they are the custodians of it for the people of the United States. In view of the growing crisis in education and health, it ill behooves the Department of Defense to auction such property at returns to the Government amounting to 5 to 6 percent of the cost.

I urge the Members of the House to support H. R. 3322.

Mr. O'NEILL. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, several weeks ago when the distinguished gentleman from Massachusetts introduced this legislation I commended him from the well of the House. Now that the legislation is formally before the Congress, I want to renew my commendation and my congratulations to the gentleman.

When he introduced this legislation I took the trouble to send copies of it to the various State institutions and the Health Department of West Virginia, and to the 55 county boards of education. The response has been unanimous that this type of legislation should be passed and passed immediately.

Again let me say I want to congratulate the gentleman from Massachusetts. Had his idea occurred to me, I am sure I would have done the same.

Mr. O'NEILL. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. SPRINGER].

[Mr. SPRINGER addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the bill H. R. 3322 be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) paragraph (2) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 (40 U. S. C., sec. 484), is amended by inserting immediately after "(2)" the following: "No property (including property capitalized in a working capital fund) shall be sold under this or any other act as surplus property until it has been determined whether or not such property is usable and necessary for educational purposes or public health purposes, including research."

(b) Paragraph (2) of such subsection is further amended by striking out "the Federal Security Administrator" and inserting in lieu thereof the following: "or under regulations issued by, the Secretary of Health, Education, and Welfare."

SEC. 2. Paragraph (2) of subsection (k) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by inserting "real" immediately before "property" where it appears in subparagraphs (A) and (B).

SEC. 3. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in subsection (j) or (k) of this section. Such cooperative agreements may provide that either the Federal agency or the State agency will assume responsibility for a part of the duties of the

other agency which relate to such program, and that either such agency will make available to the other agency such property, personnel, or funds as may be necessary to enable it to perform such duties."

SEC. 4. Subsection (d) of section 602 of the Federal Property and Administrative Services Act of 1949 is amended by inserting after "Nothing in this act" the following: "(including the first sentence of section 203 (j) (2))."

SEC. 5. No restrictions or conditions on the utilization of surplus personal property donated or sold at a discount for educational purposes or public health purposes, including research, prior to the enactment of this act under the Federal Property and Administrative Services Act of 1949 or any other act dealing with the disposal of surplus property shall remain in effect after 1 year after the enactment of this act.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That paragraph (1) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended (1) by inserting after 'other supplies' the following: '(whether or not capitalized in a working-capital or similar fund)', and (2) by adding at the end thereof the following: 'No property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public-health purposes in the State. In determining whether or not property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property.'

"SEC. 2. (a) Subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary of Health, Education, and Welfare may impose reasonable terms, conditions, reservations, and restrictions upon the use of any single item of property donated under this subsection which has an acquisition cost of \$2,500 or more."

"(b) The amendment made by subsection (a) shall apply only with respect to property donated after the date of enactment of this act.

"SEC. 3. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in subsections (j) or (k) of this section. Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization."

"SEC. 4. (a) In the case of personal property donated or sold at a discount for educational purposes or public-health purposes, including research, under any provision of law enacted prior to the enactment of the Federal Property and Administrative Serv-

ices Act of 1949, no term, condition, reservation, or restriction imposed on the use of such property shall remain in effect after the date of the enactment of this act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within 1 year after the enactment of this act.

"(b) No term, condition, reservation, or restriction imposed upon the use of any single item of property donated under section 203 (j) of the Federal Property and Administrative Services Act of 1949 prior to the enactment of this act which has an acquisition cost of less than \$2,500 shall remain in effect after the expiration of the 1-year period which begins on the date of the enactment of this act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if a judicial proceeding to enforce such liability is commenced within 1 year after the expiration of such 1-year period.

"Sec. 5. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(n) The Secretary of Health, Education, and Welfare shall submit, during each calendar quarter, a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of such House if it is not in session) showing the acquisition cost of all personal property donated under subsection (j) and all real property donated under subsection (k) during the preceding calendar quarter to, or for distribution to, educational or public health institutions in each State, Territory, and possession. The first report under this subsection shall be made with respect to property donated during the first calendar quarter which begins after the enactment of this subsection."

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the further reading of the substitute amendment be dispensed with.

Mr. HOFFMAN of Michigan. Reserving the right to object, Mr. Speaker, is that the amendment that was offered by the gentleman from Virginia [Mr. HARDY]?

Mr. McCORMACK. That is the whole amendment.

Mr. HOFFMAN of Michigan. The Hardy amendment is in there?

Mr. McCORMACK. Yes.

Mr. HOFFMAN of Michigan. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, this bill, from the angle of understandability, is a very simple one, but in its results it is very important and far reaching in connection with the universities, colleges, schools, and hospitals of our country, the beneficiaries under the existing law.

This bill does not in any way change existing law in relation to the beneficiaries. The law since 1950 has related to educational institutions and public health institutions. So this bill in no

way changes the beneficiary groups under existing law.

The bill was very carefully gone into by a subcommittee consisting of the gentleman from California [Mr. Moss], the gentleman from North Carolina [Mr. JONAS], and myself. The subcommittee unanimously reported the bill to the full Committee on Government Operations, and the full committee unanimously reported the bill in its present form to the House.

There is no opposition from any agency or department of the Government.

This bill was necessary as a result of an order issued in February 1954 by the Department of Defense. But, may I call attention to the fact that representatives of the Department of Defense testified at the hearing that they did not give to the donable property provisions of the existing law any consideration at that time although upon later consideration they felt the provisions of the donable property law warranted and were entitled to such consideration. The subcommittee found very little area of difference existing between the various agencies and departments, and the purpose of the bill which I had introduced. They made suggestions and each and every one of them was very carefully considered and a number of them are incorporated by amendment in the bill, as it is now before the House. The subcommittee through its staff gave every consideration to the views of the interested agencies and departments. I can safely say that this bill does not have the opposition of anyone and I can definitely say on my own responsibility, from the angle of compatibility, this bill is agreeable to the departments and agencies interested.

Mr. HAYS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HAYS of Arkansas. Mr. Speaker, as I understand it, the committee did not consider proposals to add to the categories of eligible agencies to receive this property, did they?

Mr. McCORMACK. That is correct. I will state to my friend the reason why. We were considering the carrying out as effectively as possible the intent of Congress in relation to donable surplus property to colleges and public-health institutions. We confined ourselves to that without going into any different categories or classes of beneficiaries because we felt that they should be considered separately in the various bills that have been introduced. I know my friend the gentleman from Arkansas has introduced a bill in relation to the water districts. I shall do everything I can, and I assure the gentleman he will be given a hearing by the Committee on Government Operations, or the appropriate subcommittee, on his bill. There has also been a bill introduced in relation to civil defense, which I am very favorably disposed toward, but the subcommittee felt that we should confine our attention to existing law rather than for the subcommittee to consider new classes of beneficiaries. We were in

agreement that bills regarding such possible new classes should be considered separately and upon their own merits.

Mr. HAYS of Arkansas. I agree with the gentleman.

Mr. MATTHEWS. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Florida.

Mr. MATTHEWS. I congratulate our distinguished majority leader for bringing this legislation to the floor of the House. I have had many communications from the State of Florida also. We feel it will be of tremendous help to our public institutions. I want to thank you, sir, and associate myself with your remarks.

Mr. McCORMACK. I thank the gentleman very much. Might I say that the Governor of the State of Florida sent me a telegram and had his personal representative here in Washington.

Might I also say that in the drafting of this bill and in the consideration of the amendments that the representatives of a number of States who were in Washington, including Florida, were also consulted. So this bill represents about as high a degree of satisfaction as could humanly be attained in connection with the agencies and departments of our Government which are interested and at the same time ministers adequately to the needs of the colleges, universities, and hospitals of the country and of the several States of the Union. I have received at least 2,000 letters, telegrams, telephone calls, favoring this bill, as I am sure other Members have received numerous letters and communications, in support of this bill from hospitals, colleges, and universities. At least half of the governors of the States of the Union and probably more, but at least half, have personally conveyed to me either by telegram or by telephone their support of this bill, and some of them had their State representative in Washington while the bill was under consideration.

Mr. WICKERSHAM. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. WICKERSHAM. Mr. Speaker, I wish to congratulate the gentleman from Massachusetts for his great efforts in behalf of this bill, and also the gentleman from Massachusetts [Mr. O'NEILL] for introducing this resolution. Although I speak for myself, I do wish to express the sentiments of the entire membership of the Oklahoma delegation and of our Governor, who was here 2 days ago to express his interest, together with representatives from both our State senate and our State house of representatives, on behalf of this legislation. I think it is a very worthwhile piece of legislation.

Mr. McCORMACK. I thank the gentleman very much.

(Mr. WICKERSHAM asked and was given permission to revise and extend his remarks.)

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. EVINS. I wish to associate myself with the majority leader in the impor-

tance of this bill. The States will benefit greatly by this provision. I would like to ask the gentleman one question for the purpose of securing a little information. Largely the Commissioner of Health, Education, and Welfare will make these determinations. But in what area or field will the Administrator of the General Services Administration make similar determinations on grants of surplus property?

Mr. McCORMACK. The Administrator of the General Services Administration, when property is declared excess by an agency, will be notified, and then he contacts all agencies and departments of the Government to see whether or not any of the property declared excess can be used. That is existing law, and properly so.

Mr. EVINS. I think as a matter of procedure the acquisition of property in the same way would be most helpful. Real estate is handled through the General Services Administration, whereas other properties are handled by the Department of Health, Education, and Welfare.

Mr. McCORMACK. Both go through General Services and Health, Education, and Welfare and both will under this law. For the last year any stock-fund items declared excess did not go through General Services to Health, Education, and Welfare for donation by reason of the order of February 1, 1954, but under the provisions of this bill they will. So General Services will be advised and then Health, Education, and Welfare. General Services will contact other agencies and departments of Government to see if they need any of the property declared excess. Thereafter they notify the Department of Health, Education, and Welfare of property that no other agency or department of Government wants such property and that it is therefore surplus to the needs of the Federal Government.

Mr. EVINS. I thank the gentleman.

Mr. McCORMACK. There is a very excellent relationship, particularly during the past 5 years, between the Federal agencies and the several States of the Union.

Mr. SMITH of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. SMITH of Mississippi. I wish to take this opportunity to express to the gentleman my personal appreciation and that of the various subdivisions of our State government in Mississippi for the fine work that has been done in bringing this legislation before us to carry on a program that has been of such great benefit to so many programs vital to the welfare of our State and the people of the country.

Mr. McCORMACK. I thank the gentleman.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. LANHAM. Mr. Speaker, I, too, am glad to commend the gentleman from Massachusetts [Mr. McCORMACK] for his enterprise and foresight in bringing this bill before the House, but I do want to say that some of the bene-

ficiaries of this program have complained to me that articles and merchandise that ought to have been useful to other branches of the Government, and that were being purchased by other branches, were being sold to them at just a token price. So it seems to me there ought to be some investigation of the methods that are used to declare these properties surplus. I am very much in favor of the bill. If it is going to be disposed of, then our schools and hospitals ought to get the benefit of it, but we ought to know why articles that apparently could be used by other departments of the Government are declared surplus and put on the market in this way.

Mr. McCORMACK. May I say that, in accordance with existing law or the provisions of this bill, before any property is declared surplus for distribution or donation, the General Services Administration must give every other agency or department of the Federal Government an opportunity to acquire the property at fair value. In the past the fair value has been set too high, with the result that it has not been acquired for Federal use and then either donated or sold. It is our hope that this situation may be corrected by the proper subcommittee in the near future.

Mr. LANHAM. But is any compulsion put on these other departments to accept this merchandise instead of going into the market and buying identical new merchandise?

Mr. McCORMACK. I do not think there is any compulsion, but I should be surprised if a department that could use property declared excess would not use it if the terms were satisfactory.

Mr. LANHAM. They are not doing it now; and new property is being handled in this way that I am sure could have been used by other departments. I think it ought to be looked into. The Committee on Government Operations should investigate it.

Mr. McCORMACK. I may say in further answer to my friend and along the lines he has stated that our hearings disclosed that under the so-called exchange or trade-in provisions of Public Law 152, 81st Congress, that if the Army for example has certain items which are actually "excess" even the Navy or Air Force, never mind any other department or agency, have not had an opportunity of getting those items even if they could use them. It is hoped that this situation will be corrected by General Services regulation.

Mr. LANHAM. I want to commend the gentleman for raising this important problem. I am sure it will go a long way toward correction of the difficulty.

Mr. ROOSEVELT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. ROOSEVELT. I should like to associate myself with my other colleagues in congratulating the gentleman from Massachusetts on this bill, particularly because the State of California next to the State of Texas, has made the greatest use for educational and public-health purposes of the features which this bill now protects.

Mr. McCORMACK. I thank my distinguished friend from California.

Mr. Speaker, I want to compliment the two others of the members of the special committee of which I was chairman for the outstanding contributions they made in the drafting of the bill, and as chairman of the special subcommittee, I also want to express my thanks to the members of the full Committee on Government Operations for their consideration of the bill and its unanimous report from our committee. I want to particularly express the high regard that I have for the chairman of our committee, the distinguished gentleman from Illinois [Mr. Dawson]. It is a pleasure for me to serve on the Committee on Government Operations under the chairmanship of Congressman Dawson. He is not only one of the ablest Members of the House, but he is one of the most highly respected Members of our body. He commands the respect and enjoys the friendship of all of his colleagues. The Committee on Government Operations functions with efficiency and constructively under the chairmanship of Congressman Dawson. The people of his district and of his city and State can well be proud of this outstanding legislator and great American.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I congratulate the gentleman from Massachusetts and ask him if it is in order to strike out the last word.

Mr. McCORMACK. I may say to the gentlewoman from Massachusetts that she may move to strike out the last word.

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Michigan is entitled to the floor.

Mr. HOFFMAN of Michigan. That is what I thought, but I was not able to get it. I just wanted to ask a question. But if the gentlewoman from Massachusetts wants the floor I certainly would not stand in her way.

Mr. Speaker, I withdraw my point of order.

The SPEAKER. The gentlewoman from Massachusetts rises on a pro forma motion and is recognized for 5 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I am delighted that the gentleman has brought this bill to the floor. I am sure it will result in many beneficial reforms, for I know very well of the mishandling of surplus property in the past, property that could have gone to other departments and to State institutions and to schools and colleges and hospitals and could have been used by them that went instead into the hands of commercial companies and sold to them for a song. One instance is that of desks that were given away, not to schools but to commercial companies, given to them for almost nothing.

This bill will serve a very useful purpose. There are many institutions in my district that want this surplus property. I am extremely hopeful that the bill will pass.

I would like to ask the gentleman from Massachusetts if any priority is set up in the distribution of the property.

Mr. McCORMACK. When property is declared surplus or excess under this bill and under existing law any agency or department of the Government has the first preference. It is only when no department of the Government wants any of the property declared surplus by a department that it will be made available through a very strictly regulated procedure to the beneficiaries that exist under present law. So that the order of priority is another Federal agency before the donation provisions can become operative. That is the way it should be.

Mrs. ROGERS of Massachusetts. May I ask one other question? The States are to come first?

Mr. McCORMACK. Yes.

Mrs. ROGERS of Massachusetts. So that in the case of a hospital, if the administration or the Government wants to take it over they will have priority?

Mr. McCORMACK. That is so. This bill does not in any way relate to real property because the existing law governs that. If a hospital, as the gentleman has referred to, is declared surplus and no other agency of the Government wants it, then the State has the first opportunity. If they do not want it, then some group like a hospital, if they want to use it as a further facility, or some recognized group of persons who are charitably disposed, can then be considered for the donation of the real estate. But this is personal property.

Mrs. ROGERS of Massachusetts. Sometimes a State wants to take over a hospital.

Mr. McCORMACK. We have the Cushing General Hospital in Massachusetts. This does not in any way disturb that.

Mrs. ROGERS of Massachusetts. I wanted to be sure.

Mr. McCORMACK. The gentleman need not worry about that.

[Mr. HOFFMAN of Michigan addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. JONAS. Mr. Speaker, I move to strike out the requisite number of words.

Mr. Speaker, it was a privilege to serve on the special subcommittee that considered this legislation. I learned a lot about procedure under the leadership of the distinguished chairman of the subcommittee, the gentleman from Massachusetts [Mr. McCORMACK].

We had no trouble reaching a meeting of minds in the committee. We were all in favor of the principle sought to be reached by the proposed legislation. The only differences we encountered were over matters of procedure.

The chairman of the subcommittee, the author of this legislation, was very willing to listen to suggestions and to modifications and changes that might improve the bill as originally introduced. We undertook to take care of certain objections that were raised to procedural or technical provisions.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. May I say that the gentleman from North Carolina [Mr.

JONAS] made powerful contributions during the hearing on the bill and in executive session. Many of his views are incorporated by way of amendment into the bill.

Mr. JONAS. I thank the gentleman very much and I reciprocate the compliment. I repeat, I found the gentleman from Massachusetts very willing to listen to suggestions. The committee had no difficulty in reaching a final decision on the bill. We were all in favor of the principle involved.

Mr. Speaker, I take this time in order to refer to a comment that was made on the floor earlier today by the gentleman from Colorado. He was very critical of the Comptroller of the Defense Department for the promulgation of the regulation in question and I do not think the RECORD should be left incomplete in that particular.

In the first place, the regulation was not promulgated by Mr. McNeil, the Comptroller, but by the Secretary of Defense. Mr. McNeil is the Assistant Secretary of Defense and perhaps had something to do with the decision to adopt the regulation, but from the standpoint of accuracy it must be stated that the regulation was issued by the Secretary.

The purpose of the regulation was to preserve the integrity of stock funds established in the Department of Defense pursuant to the provisions of section 405 of the National Security Act Amendments of 1949. That section provides that such funds shall be reimbursed for supplies, stores, and materials when issued. The Defense Department construed this section as being mandatory, and therefore took the position that when supplies, stores, and materials on hand had been capitalized in a stock fund they could not be given away but should be sold.

Representatives of other departments of the Government held a contrary view and therefore the differences that arose were based upon a difference in the interpretation of apparently conflicting statutes. It is not unusual for lawyers to differ in their interpretation of statutes.

While I am not a spokesman for the Department of Defense, and did not rise in defense of any of its acts with respect to surplus-property disposal, I think, in justice to Mr. McNeil and to the Department of Defense, that the record should show that the decision to promulgate the regulation was made in good faith and as a result of advice from its legal department to the effect that the language in section 405 of the National Security Act Amendments of 1949 was mandatory.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman be permitted to proceed for 5 additional minutes.

The SPEAKER. Is there any objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. JONAS. I think it should be pointed out also that Mr. McNeil, as the representative of the Defense Depart-

ment, in his testimony before our subcommittee, stated that the Department was not opposed to the donable property program and that it was only seeking, under the advice of counsel, to maintain the integrity of its stock funds.

The evidence produced before our subcommittee will show that the operations of these stock funds have resulted in substantial savings of the taxpayers' money.

Mr. McNeil testified that vast improvements have been made in supply control since these stock funds were created. This year alone the Department of the Army will offer for rescission \$700 million as a result of the improved management of stock-fund inventories. It is therefore clear to me that the inauguration of sound business practices by the Defense Department in undertaking to control inventories, of which the establishment of working capital or stock funds is an example, is paying dividends to the taxpayer. I do not think it would be wise for us to take any action that would destroy the integrity of these stock funds or handicap the officials of the Defense Department in their efforts to bring about improved methods of handling the vast inventories of goods now controlled by that Department.

I think it is fair to say that the subcommittee recognizes the importance of maintaining the integrity of these stock funds. The subcommittee undertook to try and meet this concern of the Defense Department. For example, the subcommittee added section 5 which directs the Secretary of Health, Education, and Welfare to submit, during each calendar quarter, a report to the Senate and House of Representatives showing the acquisition cost of all property donated during the preceding quarter to any educational or public health institutions in each State, Territory, and possession. We also obtained a ruling from the Comptroller General advising that the Defense Department may adjust its accounting records to reflect decreases in assets by showing the value of property made available for donation from stock funds. The letter of the Comptroller General containing this ruling appears as appendix 1 to the committee report—Report No. 206, 84th Congress, 1st session.

I hope the bill now before the House will resolve the fears of the Defense Department that the integrity of its working-capital stock funds will be impaired and at the same time will permit the donable surplus property program of the Government to proceed so that all property, surplus to the needs of the Federal Government and which would produce little monetary return to the Treasury if sold, may be available for distribution to educational and public health institutions.

The distribution of this property, equitably and fairly among such institutions in our country, will pay large and incalculable dividends to our entire country.

Mr. SCHENCK. Mr. Speaker, I move to strike out the last word.

(Mr. SCHENCK asked and was given permission to revise and extend his remarks.)

Mr. SCHENCK. Mr. Speaker, the public schools and public-health institutions of the Third District of Ohio, which district I have the honor to represent here in the House, have long been urging the passage of necessary and proper legislation to make more operable the Federal Property and Administrative Services Act of 1949.

Our Federal Government has purchased great amounts of various kinds of equipment and supplies which on the basis of completely justifiable considerations is no longer needed or usable by the appropriate Federal departments. Much of these supplies and materials, however, can be used by various educational and health institutions to a very great advantage—a substantial savings to local taxpayers.

I have examined H. R. 3322 very carefully, have read the report of the committee and have discussed the provisions with members of the committee on many occasions. I, therefore, Mr. Speaker, support this legislation and urge its adoption. I also urge that the appropriate departments make sure that proper administrative procedures are developed to properly handle this important matter.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that all Members who so desire may extend their remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. SISK. Mr. Speaker, I would like to make a brief statement in strong support of H. R. 3322, which is intended to improve the administration of the program for utilization of surplus property for educational and public health purposes.

I need not remind you of the extremely dire financial situation confronting our school system throughout the country. The inability of local and State agencies to cope with educational demands finally has caused the administration to propose Federal aid to schools. In passing, I may say I believe the proposals made to the Congress are totally inadequate.

My own State of California has been particularly hard hit in the educational field because of the tremendous influx of population there. As a consequence, citizens of California are being called on to finance education of hundreds of thousands of children who normally would be educated at the expense of the States from which their parents migrated. It is obvious that these new citizens, while welcome, do not for a number of years contribute equally to taxation for school purposes, so that far heavier burdens are thrown upon persons who have been longer established in the community.

What better way can we utilize property which is surplus to Federal needs than to make it available for educational and public health purposes? Certainly, the meager amounts to be obtained through private sale of this property are no bar to its higher and better utilization to partially relieve critical educational and health problems of the country.

I may say that I have received communications from a number of school boards and other educational agencies in my district which are struggling to make both ends meet and provide adequate schooling for children. They strongly urge enactment of H. R. 3322. Among those joining in this plea are the Central Union High School of Fresno, Clovis Elementary School, Merced School District, Washington Union High School, Sanger public schools, Raymond Granite Union High School, Fresno city schools, Hilmar Unified School District, Sierra Union High School, and the California Department of Education.

I sincerely hope that through enactment of H. R. 3322 we may embark upon a program to provide substantial Federal help to education.

Mr. GROSS. Mr. Speaker, I strongly support this legislation to make available surplus property for educational and public health purposes.

I have had many communications from the district which I am privileged to represent and elsewhere in Iowa endorsing this measure. I know of nothing I can add to the supporting statements already made. I simply want the record to show my vote in behalf of this needed legislation.

Mr. DEANE. Mr. Speaker, I favor the passage of H. R. 3322 by the House. For several months I have been receiving correspondence and statements from the public school and public health leaders of my district and from the State of North Carolina favoring the passage of H. R. 3322.

Recognizing the importance of the provisions of H. R. 3322 and what this measure would mean to the schools and hospitals of North Carolina, our State legislature on February 17, 1955, passed a joint resolution memorializing the Congress to pass H. R. 3322 as an amendment to the Federal Property Act of 1949.

From my study of H. R. 3322, together with the accompanying committee report, I firmly believe that this bill will provide for a better use of Federal surplus property through donating it to public health and educational institutions that can be derived through the sale of such property in open market for a few cents on the dollar. Through such a utilization program, the American public and taxpayers, by and large, will receive greater benefits from their expenditures.

Mr. Speaker, I have received statements in support of H. R. 3322 from Dr. O. David Garvin, Lee County health officer, Sanford, N. C.; Mr. K. A. McDonald, Hoke County school superintendent, Raeford, N. C.; Mr. J. J. Lentz, Lee County school superintendent, Sanford, N. C.; Dr. G. F. Reeves, Richmond County health officer, Rockingham, N. C.; Mr. J. W. Moore, principal of West Southern Pines High School, Southern Pines, N. C.; Mr. Allison W. Honeycutt, deputy director, State agency for surplus property, Raleigh, N. C.; and Mr. David Q. Holton, director of the State division of purchase and contract, Raleigh, N. C.

Typical of the letters and statements which I have received in support of H. R. 3322 is this quotation from the letter of

Lee County Health Officer O. David Garvin, who wrote me:

We of the Lee County Health Department have greatly benefited by the distribution of surplus properties to education and health agencies. I do not need to call to your attention the advantages of saving local tax moneys when something that has been declared surplus can be used.

It is the feeling of our health and educational leaders that Department of Defense officials have formulated such strict and stringent regulations relative to the disposal of surplus property under existing legislation that this agency, which has 90 percent of all surplus Federal property, is more in league with speculators and secondhand skinflints than it is with our public schools and hospitals. Indeed, last fall I became so concerned about this problem that I had an exchange of correspondence with Assistant Secretary of Defense W. J. McNeil. I showed Mr. McNeil's reply to my inquiry to our State director of purchase and contract in North Carolina, Mr. David Q. Holton, and his comment was as follows:

My reaction is that those now in control have done a clever job of "delaying tactics" and of confusing interpretations of the directive's results, while simultaneously they are selling to speculators and others the more desirable items so urgently needed by health and education without awaiting determination of the intent of Congress. This raises the question as to how soon the agencies serving the schools and health units will be reduced to the necessity of accepting the leavings at the bottom of the barrel.

Mr. Speaker, I frankly do not know how we in North Carolina could have maintained and operated our schools and hospitals as effectively as we have without having received the \$41,592,398 worth of surplus property that we have received from the Federal Government since 1946. Faced as we are in North Carolina and in many other States with great demands for public education and health services and with insufficient revenue to handle these demands, we must receive the assistance of a liberalized Federal surplus-property-disposal program in order to meet minimum requirements. H. R. 3322 will help us immeasurably in meeting such public demands, and I sincerely hope the House will pass this measure today.

Mr. MAGNUSON. Mr. Speaker, I wish to speak only briefly today to express my support for H. R. 3322.

I believe the members of the Special Subcommittee on Donable Property and the full Committee on Government Operations should be commended for the excellent and thorough work they have done in reexamining the Federal donable surplus-property program and the full potential of its benefit to the educational and health institutions of our country.

It seems to me there can be no question of the good sense of making surplus property available to the Nation's schools and hospitals. It does not make much sense for the tax-supported Defense Department to sell a \$100 article today for \$6 instead of giving it to a tax-supported school, when the school tomorrow will have to buy one just like it for \$100.

The taxpayer takes a whopping loss on this kind of a transaction.

And I think the evidence developed at the subcommittee hearings demonstrates that schools, through the exercise of good American ingenuity, can make good use of much surplus property, which otherwise is practically valueless to the Federal Government.

There seems to me to be no question but what the directive issued by the Comptroller of the Department of Defense on February 1, 1954, directly violates the well-considered and well-established will of Congress, particularly as expressed in Public Law 152 of the 81st Congress, that surplus property first should be made available to educational and health institutions. As I said in the statement I submitted to the subcommittee, H. R. 3322 will set at rest any possible misconceptions of congressional intent.

I urge that this legislation be passed.

Mr. PHILBIN. Mr. Speaker, first, may I take this opportunity to compliment my friend, the able, distinguished majority leader [Mr. McCormack], for so resourcefully leading the campaign to enact this meritorious measure and all the members of the subcommittee who cooperated with his efforts. Fortunately there is no substantial issue raised against this measure.

The need for the bill arose in large part from the failure of certain Government officials, particularly certain officials of the armed services, to interpret the Organic Act under authority of which Government property is donated for educational, public, and other programs, as being binding upon them. So far as I understand it, these officials in some instances interpreted the word "shall" in certain parts of the statute as not being mandatory. Of course, such a position is untenable and it is most unfortunate that such an interpretation should be made of the word "shall" when it appears in statutes passed by the Congress.

As every lawyer knows "shall," in the legal sense, is mandatory language. It has the force of a command. It should always be distinguished from "may" which is the directory or discretionary language and permits administrative latitude within the general bounds of a statute.

I am very familiar with the program as it has heretofore been carried out and I do not wish the above remarks to be interpreted in any way as reflecting upon either the objectives or results achieved by the program. It has been very helpful to a great many subdivisions of government throughout the Nation, and I have been in a position many times to note the value of its contributions.

Of course, gross abuses have occurred in the distribution of surplus property and these are to be deplored. I cannot possibly find the language to denounce them. More than that, we should try to do everything we can to prevent their recurrence in the future. The Treasury and the American public must be protected against maladministration, waste, and extravagance.

This bill, in the limited field it covers, should insure the utilization of surplus

property for educational purposes and health purposes through cooperative policies of Federal and State agencies. It is my opinion that this bill serves a wholesome and beneficent purpose and I am pleased to urge and support its enactment.

I hope that in net result it will be wisely administered according to law and proper legal interpretation and that it will bring real benefits to many worthwhile and worthy activities which promote the health, education, and social betterment of the Nation.

Mr. BOLAND. Mr. Speaker, I rise in support of H. R. 3322.

Changes in the basic act outlined by this resolution would assure educational and health institutions of a justified prior claim on beneficial surplus property.

The surplus property utilization program has been of inestimable value to Massachusetts educational and health institutions. A total of \$41,560,454—acquisition cost—of personal property and real property has been allocated to the Commonwealth for these worthy institutions between 1946 and December 31, 1954.

In the country at large, since 1946, there has been donated to educational and public health institutions a total of \$783,343,181 in personal property and \$699,713,045 in real property for a total of \$1,483,056,226 at acquisition cost.

However, Mr. Speaker, during the last 13 months the Department of Defense has been selling numerous classes of common-use items such as clothing, general supplies, medical and dental supplies and equipment. The proceeds have been going into its working capital or stock funds. Inventory valued at \$8,862,638,000 as of February 17, 1955, had been capitalized into 37 stock funds of the Army, Navy, Marine Corps, and Air Force.

This practice by the Department of Defense, it seems to me, is defeating the very purpose of the basic surplus-property-disposal law. The various branches of the Armed Forces are selling excess items throughout the country for a mere pittance of acquisition costs. An estimated \$2 million worth of property at acquisition cost is planned for sale during the current year.

A considerable amount of these items held by the Department of Defense would be useful and needed by educational and public health institutions.

Mr. Speaker, I have received numerous letters from colleges and hospitals, not only in my district in Massachusetts, but from others in the Commonwealth, urging passage of this bill.

I believe that Federal property once procured by taxpayers should be used when needed by educational and health institutions for the benefit of taxpayers. This property should not be sold by a Federal agency to salvage dealers, who in turn, have offered the same property to schools and hospitals at huge profits.

I want to commend my colleague the gentleman from Massachusetts [Mr. McCormack] as the author of this bill, and I strongly urge that the House vote

in favor of this measure so that we may have a better and more effective utilization of surplus Government property for educational and public health purposes for the years to come.

Mr. CRETELLA. Mr. Speaker, I want to associate myself with my many colleagues who have expressed their favorable views on H. R. 3322.

I congratulate the committee for bringing out a favorable report on this desirable legislation which I know will go a long way toward helping many institutions by supplying them with donatable goods.

Many of the heads of these institutions in my district have written me expressing their interest in the receipt of the various articles declared surplus by the Government, permitting them to acquire through this legislation these goods which they probably would not otherwise be able to afford.

I believe that the letters which I have received clearly indicate that surplus property can and does play a major part in the progress, operation, and learning of these recipient schools and health establishments.

I trust that an overwhelming vote of approval of this legislation will follow.

I include in my remarks correspondence on this subject:

DEPARTMENT OF EDUCATION,
OFFICE OF THE SUPERINTENDENT,
North Haven, Conn., February 16, 1955.
Hon. ALBERT W. CRETELLA,
Representative, Third District, Connecticut, House of Representatives,
Washington, D. C.

DEAR MR. CRETELLA: This letter refers to House bill H. R. 3322 and Senate bill S. 1004 concerning disposal of surplus Government property to health and educational institutions.

The North Haven public schools have benefited greatly from surplus property available to us in the past. We have received at nominal warehouse charge a wide variety of materials ranging from band-leaders batons to a pick-up truck. Much of this material has been immediately usable in our schools. Other items have been modified at slight cost for educational use, i. e., a commercial electric bake oven.

Our use of surplus property has saved the taxpayers of North Haven considerable money, besides making items available which might not be purchased through public funds. There is no doubt that surplus property has improved the educational offering in North Haven.

Therefore, we should appreciate your serious consideration of these bills and hope your active support will follow.

In addition, we would suggest a change in regulations governing certain types of surplus which are not offered to educational institutions because they are reimbursable and hence are sold to highest bidder. These are commonly referred to as stock fund items. Offering this property to public institutions would in my estimation be in the public interest because:

1. These items bring only a fraction of their value at auction, whereas a high proportion of their true value will be realized in their use in schools and other institutions.

2. Inordinate high profits sometimes realized by private bidders on resale of surplus property will be reduced if more surplus is put to use in public institutions.

Sincerely,

CHARLES T. ST. CLAIR,
Superintendent of Schools.

THE CHOATE SCHOOL,
Wallingford, Conn., February 11, 1955.
Congressman ALBERT W. CRETELLA,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN CRETELLA: We understand House bill H. R. 3322, which is concerned with the disposal of surplus Government property, is coming up for hearing very shortly.

We are vitally interested in this measure and would like to see it passed and improved. During the past few years we have saved literally thousands of dollars in equipment that was, and is, necessary to carry on the work of an institution such as ours. We have also been able to obtain equipment that we could never afford to purchase otherwise. The result has been that we have been able to keep our tuition rates down considerably below the index for the costs of living increases. This has resulted in savings to many taxpaying parents and has enabled many more worthwhile students to matriculate at Choate.

A great deal of the equipment we have received, especially in electronics, has enabled our students to carry on advanced studies and consequently be better fitted for their work in the armed services.

We are particularly interested in the regulations concerning the stock fund. As it now works out, much material that would be of great benefit to health and educational purposes is not available to us. We do believe, however, that it was, and is, the intent of the Congress that these stock-fund properties should be made available to health and educational agencies. We will appreciate your considered attention to this part of the bill to see that the intent is clear and cannot be misinterpreted.

We might say in closing that the items we have received under the present act have been most helpful. Every boy that attends a private school is a direct savings to the taxpayer. Only by keeping our tuition rates down are we able to keep students coming to our schools. The acquisition of surplus materials is a valuable aid in our efforts to do this.

We will appreciate everything you can do to boost this bill, and your vote in its favor.

Very truly yours,

CHARLES EGLISE, Jr.,
Business Manager.

GAYLORD FARM SANATORIUM,
Wallington, Conn., February 11, 1955.
Hon. ALBERT W. CRETELLA,
House of Representatives,
Washington, D. C.

DEAR MR. CRETELLA: Recently it has been brought to my attention that there is legislation being proposed to change the present system of allotting war surplus commodities to charitable institutions, schools, etc.

Gaylord Farm being a nonprofit institution has been the recipient of many very valuable items at relatively low cost. Many of these items would never have been obtained because of lack of funds if they had not been made available through the Department of Education under its present setup. There are many items now being sold by auction that I would like to have for this institution if they could be made available through our present source. However, attending these auctions is impossible and it would be impossible to purchase one item where they are being sold in quantity to big buyers with relatively little income to the Government in ratio to their actual cost. Therefore, it is my opinion that this practice of disposal to institutions should not only be continued, but also broadened to make any item wanted by an institution available through the present source.

I would be very happy to furnish you with detailed information on equipment already procured and items I would like to procure if available.

It is hoped this information will be of use to you when considering the advisability of supporting legislation to continue and broaden the scope of the present program.

Sincerely yours,

HAROLD DEDERICK,
Business manager.

STATE DEPARTMENT OF EDUCATION,
Hartford, Conn., February 18, 1955.
The Honorable ALBERT W. CRETELLA,
United States House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN: House bill H. R. 3322 and Senate bill S. 1004 affecting the distribution of surplus property to education and health institutions will be presented to Congress for your consideration in the very near future. These bills have the approval of the National Association of State Directors of the State Agencies for Surplus Property, the American Vocational Association, and practically all of the education and health institutions in our State. It concerns the restrictions on the donation of stock-fund property which through a directive from the Office of Defense does not make this type of property available for donation, which we believe was not the intention of Congress when the surplus-property legislation was enacted.

Your active interest in these bills would be greatly appreciated by all interested parties because valuable materials and equipment is included in this stock-fund category which would save both education and health institutions a considerable amount of money.

Sincerely yours,

FRANK P. BRADLEY,
Director, State Agency
for Surplus Property.

GENERAL LEAVE TO EXTEND

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this bill in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on passage of the bill.

The bill was passed; and a motion to reconsider was laid on the table.

CORRECTION OF THE RECORD

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the RECORD of March 16 be corrected as follows: On page A1793, in line 6, the name "Mr. Hoover" should read "Mr. HOLIFIELD."

The SPEAKER. Without objection, the permanent RECORD will be corrected accordingly.

There was no objection.

ST. PATRICK, PATRON OF FREEDOM AND LIBERTY, AND THE YALTA AGREEMENT

(Mr. McDONOUGH asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Speaker, there is no holiday we celebrate as a nation like St. Patrick's Day. Regardless of whether we may hail from the Emerald Isle by way of our forefathers, or claim but a wee drop of Irish blood from somewhere along the way, we still join together each 17th day of March in the wearing of the green in honor of Ireland's patron saint.

From pre-Revolutionary days in the Colonies, the Irish, true to their adventurous spirit, came across the sea to find the new land of opportunity, and stayed to bring a bit of old Ireland to the New World.

Firm believers in the principles of democracy, they fought gallantly through the War for Independence, and it has been estimated that during the Revolutionary War, 38.6 percent of the names on the muster rolls of Washington's forces could be identified as Irish. On April 2, 1784, Lord Mountjoy, addressing the House of Commons, was reported to have said:

I am assured, from the best authority, the major part of the American Army was composed of Irish. * * * It was their valor determined the contest. * * * America was lost because of the Irish immigrants.

Since the founding of our Nation, the Irish-Americans have made their mark in every phase of our national life. There was the great lawyer, Charles O'Connor; the famed author and poet, father of the present-day mystery story, Edgar Allan Poe; the beloved composer of American operettas, Victor Herbert. There was the great John L. Sullivan and James J. Corbett; Connie Mack and George M. Cohan. There was Al Smith, Colin Kelly, Butch O'Hare, Paddy Finucane, and Admiral Callahan, to name just a few. And the list could go on and on.

Regardless of descent, every American is familiar with the luck of the Irish, the wit of the Irish, the Blarney stone, and the magic of the shamrock.

The Irish brought to America a vigor to build that strengthened the young Nation's westward march that made possible our vast expansion. With them they brought humor and they brought music. They were as down to earth as the sod of the beloved country of their birth, and they were as regal as its kings. They brought to America a sparkle and zest for life that has become an integral part of our national character.

Today is the 150th anniversary of the birth of St. Patrick. St. Patrick brought spiritual light and intellectual freedom to Ireland and the world of his day. He is credited with driving all the snakes out of Ireland. Today is also the 10th anniversary of the Yalta agreement, a dark day in the world's history. The Yalta agreement imposed slavery and lost freedom to millions of people throughout the world and let loose the snakes of communism upon the free world. Today we need a modern St. Patrick to restore freedom to the world with the power to drive the snakes of communism out of the world.

The United States should assume that role by demanding the repudiation of the Yalta agreement.

So "the top of the morning to you" on this March 17 of 1955 as we Americans join together once more, whether of Irish origin or not, and celebrate another grand and glorious St. Patrick's Day.

One of the most appealing, sentimental, and descriptive songs and poems of the shamrock of Ireland is the 100-year-old *The Green Little Shamrock of Ireland*:

There's a dear little plant that grows in our isle,

'Twas St. Patrick himself, sure, that set it;
And the sun of his labor with pleasure did smile,

And with dew from his eye often wet it.
It thrives through the bog, through the brake,
through the mireland;
And he called it the dear little shamrock of Ireland,

The sweet little shamrock, the dear little shamrock,
The sweet little, green little, shamrock of Ireland.

This dear little plant still grows in our land,
Fresh and fair as the daughters of Erin,
Whose smiles can bewitch, whose eyes can command,

In each climate that they may appear in;
And shine through the bog, through the brake,
through the mireland,
Just like their own dear little shamrock of Ireland.

The sweet little shamrock, the dear little shamrock,

The sweet little, green little, shamrock of Ireland.

This dear little plant that springs from our soil,

When its three little leaves are extended,
Denotes from one stalk we together should toil,

And ourselves by ourselves be befriended:
And still through the bog, through the brake,
through the mireland.

From one root should branch, like the shamrock of Ireland.

The sweet little shamrock, the dear little shamrock,

The sweet little, green little, shamrock of Ireland.

AMERICAN WAR PRISONERS IN CHINA

(Mr. GROSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, again I call attention to the fact that American servicemen, who fought in the Korean war, are rotting in Communist Chinese prisons.

On December 2, 1954, President Eisenhower said at his news conference:

Moreover, those men were there (in Korea) in conformity with obligations incurred under the United Nations, and were there, in fact, in accordance with the specific request and resolution of the United Nations.

How the United Nations can possibly disabuse itself of a feeling of responsibility in this matter, and retain its self-respect, I wouldn't know; and so, I think that the United States does not stand alone, merely indicating that we are yet far from exhausting all of our resources.

Mr. Speaker, I say again that it is time for the United Nations to obtain the release of these war prisoners or admit its dismal failure.

COMMITTEE ON RULES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ST. PATRICK'S DAY

(Mr. McCORMACK asked and was given permission to address the House for 5 minutes and to revise and extend his remarks.)

Mr. McCORMACK. Mr. Speaker, all the world's green today and all the world's akin, and 'tis no wonder, for today the world is celebrating the feast day of that great and glorious patron of the Emerald Isle, St. Patrick.

Today, St. Patrick's Day, merriment runs like the dancing waters of a babbling brook; joy in living and true brotherhood are the order of the day; the very air takes on a new note of friendliness and graciousness and the spirit of man soars. What a grand compliment to a saint of God and to a nation and a people for which Patrick is patron.

Eloquence is the order of St. Patrick's Day, Mr. Speaker, as sons of many lands vie to honor St. Patrick; in poetry, music, song, oratory, and humor, balans of praise go up in memory of this simple servant of God who humbly assumed one of the grimmest missions given to man, and thereby enriched mankind for all times.

I must confess, Mr. Speaker, that I delight in the coming of St. Patrick's Day. I look forward to it each year, and, perhaps, with the passing of time, with greater appreciation each March the 17th. I relish it not only because I am of Irish blood, but because of what I see it does to all men, no matter what their nationality, what their creed, what their race.

Mr. Speaker, it is the universality of St. Patrick's Day that has one of its greatest appeals for me. It is the pleasure of seeing one's friends and neighbors genuinely buoyed up by the occasion. It is good to see what this remarkable feast day does to and for one's neighbor. Such is the charm and appeal and spiritual content of this day that truly all men are brothers on March 17.

I have often pondered the explanation of all this; the lives of the saints are filled with heroic sacrifices; many, in the intellectual sense, were more gifted than Patrick; the vast majority of them paid with their lives for their faith, and on the romantic and epochal side there were the Sts. Francis and Xavier; each, of course, has his own legion of devout and devoted followers, but to Patrick seems reserved a special man-in-the-street appeal that is at once a source of gratification and awe.

St. Patrick's story is a fascinating one, and it is choked full of human interest. St. Patrick's life was one rich in trials and challenges, struggles, hope and disappointments, and eventual magnificent success. I suppose much of the natural attraction for St. Patrick is the very

humanness of his life, plus the eventual crowning of it by that glorious achievement of converting the blessed isle from paganism to Christianity.

I suppose, too, that in the heart of every God-fearing man who walks the earth today there is a sense of gratitude to St. Patrick for whatever we possess in the way of enlightenment and culture, for the haven of society.

In all this there is much that is providential. It seems to fit God's great plan that godly men have grown up out of time, as it were, across the span of the centuries so that history presents us with a virtual bridge of saints.

Mr. Speaker, the story of St. Patrick's life is one of the most interesting recorded in written history. Without my going into details on this occasion as to his great contributions, it can truly be said that God smiled on St. Patrick's mission, and this divine benevolence left its impress on the fair green isle and its people, not only on St. Patrick's Day but throughout the succeeding centuries and in the centuries to come. St. Patrick has also left his imprint upon the minds of countless millions of persons of other lands and of other racial origins, as well as other faiths. For St. Patrick's mission was one of moral courage, strong faith, enduring loyalty, imagination, as well as the gift of laughter and song and fine fellowship and a love of life well lived. His life was devoted to God and His word and His law. Without regard to race, color, or creed, the world of today has great need for the spiritual truths and the idealism that the life of St. Patrick so powerfully and eloquently symbolizes.

ST. PATRICK'S DAY AND THE BRITISH IN NORTHERN IRELAND

(Mr. SHELLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SHELLEY. Mr. Speaker, today is normally a day of rejoicing for Irishmen and their true friends. It is a sad thing that the sons and daughters of St. Patrick cannot celebrate his day unreservedly because of the reign of terror they must now endure along the so-called border which now knifes through the heart of their homeland. I hold in my hand a clipping from the Irish Press, of Dublin, which gives the details of the latest chapter in the long story of the atrocities perpetrated against free Irishmen by the British forces of occupation in Northern Ireland. On March 5 of this year an 18-year-old Irish lad on his way home from an evening of innocent fun was waylaid in his car and shot dead by a highway patrol gang of special British border police—the notorious "B" men—a group of British hirelings whose only job is to terrorize the people of Ireland into submitting to English oppression and misrule. To prove how vicious and irresponsible are the tactics used by these "B" men, abetted by the Royal Ulster Constabulary, the same article relates how one of their own gang was shot down on the next night by his own comrades—a mistake undoubtedly regretted by the English masters of Northern Ireland, but only because the

Book No. 15

1880

Date		Description		Amount	
Jan 1	1880	Balance		100.00	
Jan 10	1880	Received from A. B.		50.00	
Jan 20	1880	Received from C. D.		25.00	
Jan 30	1880	Received from E. F.		15.00	
Feb 10	1880	Received from G. H.		10.00	
Feb 20	1880	Received from I. J.		5.00	
Feb 30	1880	Received from K. L.		5.00	
Mar 1	1880	Received from M. N.		5.00	
Mar 10	1880	Received from O. P.		5.00	
Mar 20	1880	Received from Q. R.		5.00	
Mar 30	1880	Received from S. T.		5.00	
Apr 1	1880	Received from U. V.		5.00	
Apr 10	1880	Received from W. X.		5.00	
Apr 20	1880	Received from Y. Z.		5.00	
Apr 30	1880	Received from A. B.		5.00	
May 1	1880	Received from C. D.		5.00	
May 10	1880	Received from E. F.		5.00	
May 20	1880	Received from G. H.		5.00	
May 30	1880	Received from I. J.		5.00	
Jun 1	1880	Received from K. L.		5.00	
Jun 10	1880	Received from M. N.		5.00	
Jun 20	1880	Received from O. P.		5.00	
Jun 30	1880	Received from Q. R.		5.00	
Jul 1	1880	Received from S. T.		5.00	
Jul 10	1880	Received from U. V.		5.00	
Jul 20	1880	Received from W. X.		5.00	
Jul 30	1880	Received from Y. Z.		5.00	
Aug 1	1880	Received from A. B.		5.00	
Aug 10	1880	Received from C. D.		5.00	
Aug 20	1880	Received from E. F.		5.00	
Aug 30	1880	Received from G. H.		5.00	
Sep 1	1880	Received from I. J.		5.00	
Sep 10	1880	Received from K. L.		5.00	
Sep 20	1880	Received from M. N.		5.00	
Sep 30	1880	Received from O. P.		5.00	
Oct 1	1880	Received from Q. R.		5.00	
Oct 10	1880	Received from S. T.		5.00	
Oct 20	1880	Received from U. V.		5.00	
Oct 30	1880	Received from W. X.		5.00	
Nov 1	1880	Received from Y. Z.		5.00	
Nov 10	1880	Received from A. B.		5.00	
Nov 20	1880	Received from C. D.		5.00	
Nov 30	1880	Received from E. F.		5.00	
Dec 1	1880	Received from G. H.		5.00	
Dec 10	1880	Received from I. J.		5.00	
Dec 20	1880	Received from K. L.		5.00	
Dec 30	1880	Received from M. N.		5.00	
Total				1000.00	

By Cash

By Cash



Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 17, 1955
For actions of May 16, 1955
84th-1st, No.80

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HIGHLIGHTS: House received conference report on USDA appropriation bill. House passed salt water research bill. House passed inter-agency fire protection agreements bill. Ready for President. Senate committee ordered reported bill to increase per diem allowances.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1956. Received the conference report on this bill, H. R. 5239 (H. Rept. 590) (pp. 5386-7). Attached to this Digest are statements pertaining to the measure.
2. SALT-WATER RESEARCH. Passed without amendment H. R. 2126, to expand the Interior Department's salt-water research program (pp. 5388-5402).
3. FOREST FIRES. Passed without amendment S. 1006, to authorize the execution of agreements between agencies of the U. S. and other agencies and instrumentalities for mutual aid in fire protection (pp. 5402-4). This bill will now be sent to the President.
4. REORGANIZATION. Passed without amendment S. 1763, to extend for one month (until June 30, 1955) the time for liquidation of the Hoover Commission (p. 5396). This bill will now be sent to the President.
Rep. Karsten insisted that the report of the Hoover Commission Task Force on Water Resources and Power be made public at once (p. 5405).
5. SURPLUS FOOD. Rep. Mack discussed the program for the distribution of surplus commodities in Ill. (p. 5409).
6. APPROPRIATIONS. The Appropriations Committee reported H. R. 6239, the D. C. appropriation bill for 1956 (H. Rept. 589) (p. 5411).
7. LANDS. The Interior and Insular Affairs Committee ordered reported with amendment S. 265 and H. R. 1844, to amend acts authorizing agricultural entries under the nonmineral land laws of certain mineral lands in order to increase

the limitation with respect to desert entries made under such act; and H. R. 4894, to repeal laws authorizing sale of public lands which are valuable chiefly for timber and stone (p. D419).

8. RECLAMATION. The Interior and Insular Affairs Committee ordered reported with amendment H. R. 4663, to authorize the Trinity River division, Central Valley project, Calif. (p. D419).

SENATE

9. SURPLUS PROPERTY; TRAVEL; BUDGET. The Government Operations Committee ordered reported with amendment H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949, so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes; S. 1795, to amend the Travel Expense Act of 1949, to provide an increased maximum per diem allowance for subsistence and travel expenses; and S. 1805, to amend the Legislative Reorganization Act of 1946 to create a Joint Committee on the Budget (pp. D417-8).

BILLS INTRODUCED

10. TRANSPORTATION. H. R. 6246, by Rep. Bonner, to amend section 4153 of the Revised Statutes, as amended, to authorize more liberal propelling power allowances in computing the net tonnages of certain vessels; to Merchant Marine and Fisheries Committee (p. 5411).
H. R. 6271, by Rep. Pelley, providing relief against certain forms of discrimination in interstate transportation; to Interstate and Foreign Commerce Committee (p. 5412).
11. GUAM. H. R. 6254, by Rep. Engle, to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam; to Interior and Insular Affairs Committee (p. 5411).
12. PERSONNEL. H. R. 6255, to amend the Civil Service Retirement Act of May 29, 1930, as amended, to increase the annuities of present and future annuitant to Post Office and Civil Service Committee (p. 5411).
H. R. 6273, by Rep. Teague, Calif., to amend the Civil Service Retirement Act of May 29, 1930, as amended; to Post Office and Civil Service Committee (p. 5412).
13. WATER COMPACT. H. R. 6256, by Rep. George, granting the consent of Congress to the States of Kansas and Oklahoma, to negotiate and enter into a compact relating to their interests in, and the apportionment of the waters of the Arkansas River and its tributaries as they affect such States; to Public Works Committee (p. 5411).
14. RECLAMATION. H. R. 6257, by Rep. Green, Ore., to terminate the prohibition against employment of Mongolian labor in the construction of reclamation projects; to Interior and Insular Affairs Committee (p. 5411).
H. R. 6268, by Rep. Metcalf, to facilitate the construction of drainage works and other minor items on Federal reclamation and like projects; to Interior and Insular Affairs Committee (p. 5411).
15. LANDS. H. R. 6278, to authorize the conveyance for public purposes of certain lands in the State of Georgia; to Agriculture Committee (p. 5412).

1. The first part of the paper discusses the importance of the study and the objectives of the research.

2. The second part of the paper describes the methodology used in the study and the data collection process.

3. The third part of the paper presents the results of the study and discusses the findings.

4. The fourth part of the paper discusses the implications of the study and the conclusions drawn from the research.

5. The fifth part of the paper discusses the limitations of the study and the areas for future research.

6. The sixth part of the paper discusses the significance of the study and the contributions it makes to the field.

7. The seventh part of the paper discusses the practical applications of the study and the recommendations for practice.

8. The eighth part of the paper discusses the ethical considerations of the study and the measures taken to ensure ethical standards.

9. The ninth part of the paper discusses the funding of the study and the acknowledgments to the funding sources.

10. The tenth part of the paper discusses the references and the sources used in the study.

7/17/55

15. ~~BUDGET; SURPLUS PROPERTY; TRAVEL.~~ The Government Operations Committee reported ~~without amendment S. 1705, to amend the Legislative Reorganization Act of 1946 to create a Joint Committee on the Budget (S. Rept. 352); with amendments H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949, so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes (S. Rept. 351); and with amendment S. 1795, to amend the Travel Expense Act of 1949, to provide an increased maximum per diem allowance for subsistence and travel expenses (S. Rept. 353) (p. 5421).~~
16. EXPENDITURES; APPROPRIATIONS. Sen. Byrd inserted a statement of the Joint Committee on Reduction of Nonessential Federal Expenditures relating to unexpended balances of Federal appropriations as of Dec. 31, 1954 (p. 5437).
17. PRICE SUPPORTS. Sen. Langer inserted his letter to Sens. Ellender and Johnson requesting that an opportunity be given to vote on H. R. 12, the 90 percent price support bill, before the adjournment of Congress (p. 5441).
18. EDUCATION. Sen. Carlson urged increased funds for the international education exchange program (p. 5440).
19. REORGANIZATION. Sen. Neuberger criticized certain recommendations of the Hoover Commission and inserted a New York Times article discussing the latest recommendations of the Commission (pp. 5443-4).
20. ROADS. Sen. Byrd inserted various newspaper articles discussing the President's proposed highway plan (pp. 5474-9).
21. BOUNDARY FENCE; FORESTS; ACCESS ROADS; RECLAMATION; WATER RESEARCH. The Interior and Insular Affairs Committee ordered reported without amendment S. 76, to authorize a Mexican boundary fence; S. 55, authorizing payment for interest in lands within the Coconino and Sitgreaves National Forests, Ariz.; S. 1464, to acquire certain rights-of-way and timber access roads. The Committee ordered reported with amendment S. 180, to authorize the Washita River Basin project, Okla.; H. R. 103, to provide for the construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies; and S. 516, extension of the saline water program (p. D425).
22. RECESSED until Thurs., May 19 (p. 5487). Legislative program as announced by Majority Leader Johnson: Thurs., bills to amend REA loan formula and to provide surplus property for educational and health purposes; and Fri., road bill (pp. 5458-9).

ITEMS IN APPENDIX

23. PERSONNEL. Extension of remarks of Rep. Van Zandt in support of H. R. 5927 providing for a ready reserve and transfer from ready reserve to standby reserve of essential civilian government employees (pp. A3361-63).
24. RURAL ELECTRIFICATION. Rep. Karsten inserted an editorial from the St. Louis Post-Dispatch criticizing the inoperation of contract between the Southwestern Power Administration and five Missouri coops (p. A3368).
25. WATER. Extension of remarks of Rep. Phillips in support of H. R. 2126 to extend research in conversion of saline water to fresh water (p. A3370).
Extension of remarks of Rep. Teague, Calif., in support of H. R. 2126, to extend research in the conversion of saline water to fresh water (pp. A3386-7).

26. FOREIGN AID. Rep. Smith, Wis., inserted an editorial from the Janesville, Wis., Gazette expressing concern over the cost of further technical aid to southeast Asia (p. A3370).
27. FOOD SUPPLY. Extension of remarks of Rep. Griffiths on Michigan Week and noting that Michigan has an important agriculture industry (p. A3376).
28. TRADE. Rep. Gross, Iowa, inserted an article by Ed Wimmer of the National Federation of Independent Business, Inc. appearing in the Cincinnati Enquirer in opposition to lower tariffs. It notes Secretary Benson's remarks on disposal of farm surpluses (p. A3377).
Rep. Ostertag inserted an article from the Rochester Democrat and Chronicle based on findings by the League of Women Voters of Monroe County, N. Y., expressing sentiment favorable to the reciprocal trade bill (p. A3378).
29. RECLAMATION. Rep. Rhodes inserted an editorial from the Phoenix Gazette criticizing Leslie A. Miller of the Hoover Commission for unfavorable comments in a Reader's Digest article on reclamation and water supply in Central Arizona and the Upper Colorado River Basin (p. A3381).
30. PRICE SUPPORTS. Rep. Hope included an editorial from the Falls City, Nebr., Journal in support of high rigid farm supports (p. A3381).
Sen. Goldwater inserted an article from Business Week commenting favorably on the Administration's farm program of flexible supports and more efficient farms (pp. A3393-4).
Sen. Thye inserted an editorial from the St. Paul Pioneer Press denouncing the use of the flexible-rigid price support controversy as a political football (p. A3394).
Sen. Thye inserted a telegram from M. W. Thatcher of the Farmers Union Grain Terminal Association in favor of 90% of parity price supports (pp. A3397-8).
31. EXTENSION WORK. Extension of remarks of Rep. Hoeven on the value and importance of agricultural research, the county agent, farm institutes, and the role of the state and federal agricultural services (pp. A3382-5).
32. POULTRY. Sen. Thye inserted an article from the Minneapolis Morning Tribune commenting on the difference between prices received by the farmer and consumer cost for poultry products (p. A3393).
33. FOOD SURPLUSES. Sen. Langer inserted a letter from M. F. Peterson, superintendent of the N. Dak. Department of Public Instruction, in favor of the school lunch program as a means of disposing of food surpluses (p. A3397).
34. DAIRY INDUSTRY. Sen. Thye inserted an article from the Minneapolis Morning Tribune suggesting the opening of eastern markets to midwestern milk (p. A3402).
35. PUBLIC POWER AND RECLAMATION. Rep. Dawson inserted an editorial from the Charleston, W. Va., Gazette supporting the Colorado River Storage project (p. A3409).
Rep. Metcalf inserted an article which appeared in the St. Louis Post-Dispatch critical of the Administration's public power policies (p. A3409).
36. SUGAR QUOTAS. Rep. Morano inserted a letter from H. T. Jensen of the Federal Paper Board Company lowering Cuban sugar quotas (p. A3411).

AMENDING THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949 SO AS TO IMPROVE THE ADMINISTRATION OF THE PROGRAM FOR THE UTILIZATION OF SURPLUS PROPERTY FOR EDUCATIONAL AND PUBLIC HEALTH PURPOSES

MAY 17 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. McCLELLAN, from the Committee on Government Operations, submitted the following

REPORT

[To accompany H. R. 3322]

The Committee on Government Operations, to whom was referred the bill (H. R. 3322) amending the Federal Property and Administrative Services Act of 1949, as amended, so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments approved by the committee are of a technical nature, and were adopted with a view to clarifying the provisions of the bill as approved by the House of Representatives, without materially changing the purpose and intent of the bill as referred to the Senate.

PURPOSE

The bill provides that surplus personal property carried in a working capital or similar fund in any Federal agency is to be considered for donation to educational or health institutions on the same basis as surplus personal property which is not carried in such a fund. The purpose of the bill is to make clear that the Congress does not intend, and has never intended, to exempt surplus personal property from the donation program merely because it is carried in a working capital fund managed by the Department of Defense or any other agency, regardless of the time it was procured or the accounting classification under which procured or carried on the books of the owning agency.

Such donations would be conditioned upon the receipt of official certification from an appropriate State agency or official that such

property is usable and needed for educational or public health purposes in the State. It provides that no property shall be transferred under the authorized donation program until the Secretary of Health, Education, and Welfare has determined that such agency or official has conformed to minimum standards of operation, prescribed by the Secretary for the disposal of surplus property, in order to insure full utilization of property donated.

The bill would authorize the Secretary of Health, Education, and Welfare, or the head of any other Federal agency designated by the Secretary, to enter into cooperative agreements with State agencies participating in the donation program, whereby such Federal agency may utilize on a nonreimbursable basis the facilities, personnel, and services of the State agency in carrying out the program and, in connection with such utilization, could in turn make available to the State agency property, facilities, personnel, or services of such Federal agency. This would, in part, formalize existing arrangements between the Department of Health, Education, and Welfare and other Federal agencies and such State agencies. It would also remove any legal doubt about the utilization of Federal personnel, space, etc., under these cooperative arrangements.

The bill authorizes the Secretary of Health, Education, and Welfare to impose reasonable terms, conditions, reservations, and restrictions on the use or resale of any single item of donated property having an acquisition cost of \$2,500 or more. The bill would terminate restrictions in connection with single item donations of less than \$2,500 acquisition cost which have been made under the Federal Property and Administrative Services Act prior to the enactment of this bill. An exception is provided to preserve judicial proceedings in civil and criminal liability cases arising out of violations which occurred prior to or which were pending at the time of enactment.

Restrictions imposed under laws prior to the enactment of the Federal Property and Administrative Services Act of 1949 would be terminated by the bill, subject to a 1-year exception for cases involving judicial proceedings.

The bill further provides that the Secretary of Health, Education, and Welfare shall submit a quarterly report to the Congress showing the acquisition cost of all personal and real property donated during the preceding calendar quarter for distribution to educational or public health institutions in each State, Territory, or possession of the United States.

COMMITTEE ACTION ON AMENDMENTS

The committee amendments would clarify section 1 of the bill, by rearranging the matter contained therein in two subsections. Subsection (a) specifically authorizes the donation for educational or public health purposes of property acquired from working-capital funds. Subsection (b) restates the language of the House bill, which provides that no property shall be transferred under the donable program until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public

health purposes in the State. The committee also added to subsection (b) a requirement that—

no property shall be transferred pursuant to this paragraph until the Secretary of Health, Education, and Welfare has determined that such agency or official has conformed to minimum standards of operation prescribed by the Secretary for the disposal of surplus property.

A proposal by the Department of Health, Education, and Welfare that each State agency be required to enter into a cooperative agreement with the Secretary, and that the effective date of the amendment be deferred for 180 days to permit the execution of such agreements, was not adopted by the committee.

The committee adopted in subsection 1 (b) an amendment, on the recommendation of all agencies affected by the provisions of the bill, to exempt from the foregoing requirements transfers of such property made by the Secretary of Defense for educational activities of special interest to the armed services, such as maritime academies and military or naval preparatory schools. Section 2 was likewise amended to include this exemption.

Section 2 of the bill, as passed by the House, authorized the Secretary of Health, Education, and Welfare to impose reasonable terms and conditions upon the use of any donated item having an acquisition cost of \$2,500 or more. The Department of Health, Education, and Welfare proposed a substitute amendment which would have permitted the Secretary to impose such terms and conditions for a period of 2 years after property so donated had been placed in use by the donee, without regard to the initial acquisition cost of such property. The committee did not adopt that proposal.

The Bureau of the Budget proposed an amendment which would have required each State agency to maintain specified categories of inventory records with respect to property received under the program and to make periodic inventory reports. The committee did not adopt that proposal, believing that the authority conferred upon the Secretary by section 1 (b) to prescribe "minimum standards of operation" for the "disposal of surplus property" confers upon the Secretary ample authority to require the keeping by State agencies of accurate inventory records of property received and the maintenance of cooperation between the Secretary and State agencies in assuring the fullest possible utilization of property so transferred.

Section 4 (a) was amended to include property donated for memorial purposes, in addition to education and health purposes, within the provision which made inapplicable restrictions imposed on the use of property in effect prior to the date of enactment.

Subsections (a) and (b) of section 4 were amended to clarify the intent of the saving clause as applied to judicial proceedings arising out of violations which occurred prior to or were pending at the time of enactment.

Section 5 was amended so as to correct the technical terminology as applied to real property.

A new section 6 was added by the committee in order to clarify existing law, by (a) changing the name of the administering agency from the "Federal Security Agency" to the "Department of Health, Education, and Welfare," to the correct name of the present administering agency, and (b) to insure that definitions in the original act

will apply to the District of Columbia and the Commonwealth of Puerto Rico.

The Department of Defense proposed an amendment to the bill which would have made funds appropriated to the Department of Health, Education, and Welfare available for reimbursement to the Department of Defense for the value, as determined pursuant to regulations of the Secretary of Defense, of property donated to the States for educational or public health purposes. Such an amendment would have permitted the transfer to the Department of Defense of funds appropriated to the Department of Health, Education, and Welfare in an amount equal to the value of property the Department of Defense donated for educational or public health purposes under the program. The Comptroller General expressed the view that the authority conferred by the bill to donate property for such purposes also constitutes authority for responsible officials of the Department of Defense "to take accounting credit to the extent of impairment to the capitalization caused by the donation."

Accordingly, the committee took the view that any undue impairment of any capital fund by the Department of Defense resulting from the operation of the donable program could be remedied by future appropriations made directly to the affected funds, rather than indirectly by the transfer of funds appropriated for that purpose to the Department of Health, Education, and Welfare.

The committee held the view that the Department of Defense should be required to report in detail to the Committees on Appropriations the value of property transferred from such working capital funds for donation to educational and health institutions as provided under this act. This position accords with the views of the House Committee on Appropriations which, in its report on the Department of Defense appropriation bill, 1956 (H. Rept. 493, 84th Cong.), reported to the House as follows (p. 9):

WORKING CAPITAL FUNDS

The application of stock and industrial fund principles to certain operation of the Department is a matter of great interest to the Committee. Although this practice was to a limited degree initiated many years ago, the current trend toward an accelerated extension in the application of these type funds to a great number of varied activities of the Department makes the Committee feel that a closer and continuing review of these operations by the Congress is necessary. The Committee is not debating the question of advantages or disadvantages of this type funding in certain of the military operations, but it is interested in the proper application of appropriated funds whether they be derived by direct appropriation or by the acquisition of unexpended balances of funds previously appropriated.

Section 405 of the National Security Act Amendments of 1949 provided authority until December 31, 1954, for transfers of unexpended balances to stock and industrial funds operations. On December 22, 1954 there was so approved for transfer a total of \$1,119 million. Both Committee hearings and investigations disclosed that the Services had definite plans for only a lesser portion of these funds. Plans for the application of the balance of funds were either tentative or nonexistent. In the light of these developments it is requested that no further application of the currently available funds be made to stock and industrial operations unless such application has the prior approval of this Committee. Further, it is requested that appropriation justifications for fiscal year 1957 and each succeeding year contain adequate explanation of all proposed plans and programs of stock and industrial operations.

The testimony before the committee further indicated that there had been rescissions from Department of Defense stock funds in amounts totaling between 500 and 700 million dollars for each fiscal

year since these working capital funds had been established. The House committee in reporting funds for the Department of Defense for the fiscal year 1956 stated in its report (p. 28):

ARMY STOCK FUND

The Army stock fund has again generated excess cash as a result of the Army's living off its "shelf stock" and cutting inventories down to peacetime levels. The committee recommends that the amount available in the Army stock fund be reduced by \$700 million and that it be covered into the Treasury in the same manner as previous rescissions from this fund.

It was the view of the committee that there was no real prospect that such funds would be materially depleted through the withdrawal of the small amount of funds which would be chargeable to the donable program. The evidence indicates that such withdrawals will amount to only a very small fraction of the total withdrawals. It was further the view of the committee that should these funds, in the future, require augmentation because of the donable program, the Appropriations Committees would examine the condition of the funds and include the necessary provision in the annual appropriation acts to reimburse such funds to whatever extent may be determined to be necessary.

LEGISLATIVE HISTORY

Under article IV, section 3, paragraph 2, of the Constitution, the Congress has sole authority over the disposition of Federal property. In the exercise of this authority, the Congress has established policies designed to best serve the interests of the taxpayers, on the premise that they are the actual owners of the property and that Federal agencies which hold and utilize the property are merely acting as public custodians. Whether surplus Federal property should be sold, donated to public institutions, destroyed to keep it from competing with private industry or adversely affecting employment, or disposed of by some other method are problems for the Congress to resolve when enacting enabling legislation.

Since the end of World War I, the Congress has enacted some 15 separate provisions of law making available to educational and health institutions quantities of surplus property acquired largely for war activities. Recognizing that sufficient property has not been available for essential public welfare purposes because of wartime requirements and expenditures, the Congress has repeatedly approved the donation of surplus property to educational and public health institutions when found to be useful and needed for educational and health purposes. The Congress has been fully aware of the small return to the Treasury from the sales of surplus property made to date and the large profits made by speculators, and has found that the general public good is best served under this procedure.

The Federal Property and Administrative Services Act of 1949 (Public Law 152, 81st Cong.), effective on July 1, 1949, provided (secs. 203 (j) and 203 (k)) that property, both real and personal, which becomes surplus to all Federal requirements may, in the discretion of the Administrator of General Services, be transferred for educational purposes, upon a determination by the Secretary of Health, Education, and Welfare that the property is useful and needed for such purposes. The act likewise authorized the transfer of real property for public health purposes under applicable restrictions.

The donable property provisions of Public Law 152 were carefully considered in the light of the various alternative proposals and prior donation legislation.

On September 5, 1950, the Congress approved Public Law 754, for the express purpose of reaffirming and extending the donable provisions of the act to cover personal property useful and needed for public health purposes.

In recommending legislative action which led to the enactment of Public Law 152 in the 81st Congress, this committee reported as follows (S. Rept. No. 338, p. 5):

As most of the objectives of the Surplus Property Act of 1944 have largely been attained, the bill, in harmony with existing law, dispenses with all priorities and preferences on personal property. The committee believes, however, that, from time to time, there will become surplus to the Government, books, equipment, or other supplies, the sale of which would realize little monetary return but which would be usable by and of great benefit to our schools and colleges. The bill therefore authorizes the Administrator, in his discretion, to donate such surplus property for educational purposes upon the recommendation of the Federal Security Administrator (now the Secretary of the Department of Health, Education, and Welfare). The committee believes that the authority vested in the Federal Security Administrator is broad enough to authorize him to redelegate his authority to some other person designated by him, and that the appropriate designee in this specific instance would be the Commissioner of Education.

At page 13, the report includes the following further explanation of this provision:

(j) *Donations for educational purposes.*—This subsection authorizes the Administrator of General Services, in his discretion, to donate surplus personal property usable for educational purposes as determined by the Federal Security Administrator, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator of General Services, either direct or through State departments of education, to tax-supported and nonprofit school systems, schools, colleges, and universities. Provision is also made for allocation by the Secretary of Defense, for transfer by the Administrator to educational activities of special interest to the armed services, such as maritime academies or military or naval preparatory schools, of surplus property of the National Military Establishment which the Secretary determines to be usable for such activities. It is expected that the Federal Security Administrator will delegate to the United States Commissioner of Education authority to make determinations and allocations under his general supervision, and that the Secretary of Defense will similarly delegate to an appropriate official his authority under this subsection.

Following the enactment of this provision, the committee recommended its extension by authorizing the donation of surplus personal property to public health services, hospitals, and medical institutions in the same manner as to educational institutions, which became Public Law No. 754, 81st Congress, on September 5, 1950. In its report to the Senate (S. Rept. No. 2140, p. 8) the committee stated:

Section 4 modifies section 203 (j) of the Federal Property and Administrative Services Act of 1949 by providing that the Administrator is authorized in his discretion to donate surplus personal property, such as equipment, materials, books, or other supplies for public-health purposes, including research, in addition to educational purposes as presently provided for by Public Law No. 152.

DEPARTMENT OF DEFENSE WORKING-CAPITAL FUNDS

On August 10, 1949, following the passage of Public Law 152, approved on July 1, 1949, the Congress approved the National Security Act Amendments of 1949 for the purpose of "promotion of economy and efficiency through establishment of uniform budgetary

and fiscal procedure and organizations" within the Department of Defense. This act, under section 405 (d), authorized the Secretary of Defense to establish working-capital funds when such arrangements would increase the economy and efficiency of property management.

As above indicated, the Congress enacted Public Law 754, effective September 5, 1950, which reaffirmed and strengthened the donable program. Despite this later enactment, the Secretary of Defense issued Regulation 7420.1 on February 1, 1954, establishing principles and procedures with respect to the operation of the stock funds under authority of the above-cited section 405 (d) of Public Law 216. This regulation ignored the intent of Congress as expressed under the original act as well as the later enactment, and has resulted in the sale of a considerable amount of personal property much of which was usable and needed by educational and public health institutions, and should have been made available to them before disposition to private purchasers. The primary purpose of the subject bill is to reaffirm the intent of Congress in its enactment of the donable program and to insure its application to surplus personal property in the custody of the Department of Defense.

HOOVER COMMISSION RECOMMENDATIONS

In its report, submitted to the Congress on Monday, April 18, 1955, the Hoover Commission endorsed the program for the donation of surplus property to health and education institutions, citing the following benefits of the donation program, as reported by its task force:

1. It assists schools and hospitals, particularly in rural and low-per-capita income areas, to secure equipment which otherwise they could not afford to acquire. In such cases the public benefit far outweighs the limited return which the Government would obtain through sale of the surplus equipment to private purchasers.

2. It provides the means for students in trade and vocational schools to secure practical experience in repair and overhaul of technical equipment. The public benefit from such use of equipment, although intangible, appears to be greatly in excess of the slight cash return which could be secured through its sale as scrap or used equipment.

3. In view of the serious shortage of school and civilian hospital facilities, as well as equipment for them, it is a prudent investment of public funds to transfer to the States such excess equipment and supplies which can relieve this shortage. This is particularly true of property which might otherwise be sold as surplus to private individuals or concerns who could in turn resell it to tax-supported institutions at prices greater than they paid the Federal Government.

The Commission, after pointing out certain deficiencies in the existing donable property program, stated that—

The Commission believes that the benefits to the public of the donation program far outweighs the defects which are largely of an administrative nature. Accordingly, we recommend the following administrative improvements:

Recommendation No. 8

That the Department of Health, Education, and Welfare strengthen its current administration of the donation program by:

- (a) Changing the application for surplus property form to require the State surplus property agency, or the recipient institutions, to certify that within a reasonable time there will be need for the Federal surplus personal property listed on such application.

- (b) Requiring regional office staffs to give closer attention to applications to insure that the requested transfer of property complies with the policy of the

Congress as expressed in the law; that the property is needed for educational or public health purposes; and that it will be used for such purposes.

(c) Conducting periodic surveys of property in warehouses maintained by the State surplus property agencies, to determine the nature, quantity, and date of acquisition of the inventory and to recapture for Federal agency utilization or disposal those items not needed or not directly related to educational or public health purposes.

(d) Vesting immediate title to transferred personal property (except leased property) in the recipient institution for designated classes of property or amounts under \$2,500 to minimize the need for expensive record keeping and follow-up investigations.

The subject bill will provide authority for the Department of Health, Education, and Welfare to adopt these specific administrative procedures.

The Commission called the attention of the Congress to two problems, covered by the pending legislation, which affect the donation program and require action by the Congress, namely: limitations imposed by the establishment of stock funds, mainly in the Defense Department, and proposals to expand the list of eligible donees. It concluded that—

until the problem of reimbursing stock funds is worked out, the stock fund can become a device to immobilize large quantities of unneeded material until such material will have to be eliminated anyway because of obsolescence or for other reasons. In surplus or scrap channels it will bring only meager returns to the Government.

The elimination of these two problems is the primary objective of the provisions of the pending legislation.

The Commission recommended approval of legislation as specifically proposed in H. R. 3322, as follows:

Recommendation No. 9

That the Congress reexamine the provisions of the Federal Property and Administrative Services Act of 1949, as amended, relating to the donation of Federal surplus property, and clarify congressional intent to transfer such property without cost to State educational and public health institutions, notwithstanding Department of Defense requirements for reimbursement of stock funds for transfers of property from such funds.

REQUESTS FOR EXTENSION OF DONABLE PROVISIONS

The committee has received a number of requests for extension of the donable provisions of the Federal Property and Administrative Services Act which includes libraries, State library extension services, and State or local recreational, conservation, welfare, waterworks, irrigation, mosquito control, and sanitation districts, etc.

According to the Hoover Commission, the Department of Health, Education, and Welfare has proposed that the donation program for public health purposes be broadened to include nursing homes, sanitation systems, scientific laboratories, treatment centers for physically handicapped, and malaria control institutions.

A bill (S. 1527) has been introduced by Senator Humphrey, at the request of the Federal Civil Defense Administration, and referred to this committee for consideration, to authorize the disposal of surplus property for civil defense purposes under the donable program.

The House committee stated in its report (H. Rept. No. 206, 84th Cong.) that—

The committee feels strongly that it must at this time give first priority to the clarification of the status of educational and public health institutions without prejudice to other causes which may be considered later.

The Hoover Commission, in its report on surplus property, stated:

While some proposed extensions of the donable program seem irrelevant or trivial, others have considerable merit. However, the Commission observes that the inclusion of other donees, such as cities and counties, would pose complex problems of determining priorities. Also the donations for civil defense purposes, proposed to be allocated by the Federal Civil Defense Administration, would establish another Federal agency as a rival to the Department of Health, Education, and Welfare in allocating surplus property to State and local agencies.

Senator Humphrey has also introduced a bill (S. 1799) to further amend section 203 (f) of the Federal Property and Administrative Services Act of 1949, as amended, as follows:

(f) Subject to regulations of the Administrator, any executive agency may (1) authorize any contractor with such agency or subcontractor thereunder to retain or dispose of any contractor inventory, and (2) dispose of any surplus personal property to any State, Territory, or possession, or to any political subdivision thereof or any tax-supported agency therein, at a price fixed by such agency or determined by negotiation.

The committee proposes to give consideration to S. 1527 and S. 1799 and related proposals at the present session of Congress, with a view to promoting full utilization of surplus Federal property in the best public interest.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (matter omitted enclosed in brackets, new matter printed in italics, existing law in which no change is reported shown in roman):

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

DISPOSAL OF SURPLUS PROPERTY

SEC. 203. (a) * * *

* * * * *

(j) (1) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate for educational purposes or public health purposes, including research, in [the States, Territories, and possessions] *any State*, without cost (except for costs of care and handling) such equipment, materials, books, or other supplies (*whether or not capitalized in a working-capital or similar fund*) under the control of any executive agency as shall have been determined to be surplus property and which shall have been determined under paragraph (2) or paragraph (3) of this subsection to be usable and necessary for educational purposes or public health purposes, including research. *In determining whether or not property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property.*

(2) Determination whether such surplus property (except surplus property donated in conformity with paragraph (3) of this subsection) is usable and necessary for educational purposes or public health purposes, including research, shall be made by [the Federal Security Administrator] *the Secretary of Health, Education, and Welfare*, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator of General Services to tax-supported medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, and universities, and to other nonprofit medical institutions, hospitals, clinics, health centers, schools, colleges, and universities which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code, or to State departments of education or health for distribution to such tax-supported and nonprofit medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, and universities; except that in any State where another agency is designated by State law for such purpose such transfer shall

be made to said agency for such distribution within the State. *No property shall be transferred (except surplus property donated in conformity with paragraph (3) of this subsection), until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State, and no property shall be transferred pursuant to this paragraph until the Secretary of Health, Education, and Welfare has determined that such agency or official has conformed to minimum standards of operation prescribed by the Secretary for the disposal of surplus property.*

(3) In the case of surplus property under the control of the National Military Establishment, the Secretary of Defense shall determine whether such property is usable and necessary for educational activities that are of special interest to the armed services, such as maritime academies or military, naval, Air Force, or Coast Guard preparatory schools. If such Secretary shall determine that such property is usable and necessary for such purposes, he shall allocate it for transfer by the Administrator to such educational activities. If he shall determine that such property is not usable and necessary for such purposes, it may be disposed of in accordance with paragraph 2 of this subsection.

(4) *The Secretary of Health, Education, and Welfare may impose reasonable terms, conditions, reservations, and restrictions upon the use of any single item of property donated under paragraph (2) of this subsection which has an acquisition cost of \$2,500 or more.*

(5) *The term "State", as used in this subsection, includes the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.*

(k) (1) Under such regulations as he may prescribe, the Administrator is authorized, in his discretion, to assign to the [Federal Security Administrator] *Secretary of Health, Education and Welfare* for disposal such surplus real property, including buildings, fixtures, and equipment situated thereon, as is recommended by the [Federal Security Administrator] *Secretary of Health, Education, and Welfare* as being needed for school, classroom, or other educational use, or for use in the protection of public health, including research.

(A) Subject to the disapproval of the Administrator within thirty days after notice to him by the [Federal Security Administrator] *Secretary of Health, Education, and Welfare* of a proposed transfer of property for school, classroom, or other educational use, the [Federal Security Administrator] *Secretary of Health, Education, and Welfare*, through such officers or employees of the [Federal Security Agency] *Department of Health, Education, and Welfare* as he may designate, may sell or lease such real property, including buildings, fixtures, and equipment situated thereon, for educational purposes to the States and their political subdivisions and instrumentalities, and tax-supported educational institutions, and to other nonprofit educational institutions which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code.

(B) Subject to the disapproval of the Administrator within thirty days after notice to him by the [Federal Security Administrator] *Secretary of Health, Education, and Welfare* of a proposed transfer of property for public-health use, the [Federal Security Administrator] *Secretary of Health, Education, and Welfare*, through such officers or employees of the [Federal Security Agency] *Department of Health, Education, and Welfare* as he may designate, may sell or lease such real property for public-health purposes, including research, to the States and their political subdivisions and instrumentalities, and to tax-supported medical institutions, and to hospitals or other similar institutions not operated for profit which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code.

(C) In fixing the sale or lease value of property to be disposed of under subparagraph (A) and subparagraph (B) of this paragraph, the [Federal Security Administrator] *Secretary of Health, Education, and Welfare* shall take into consideration any benefit which has accrued or may accrue to the United States from the use of such property by any such State, political subdivision, instrumentality, or institution.

(D) "States" as used in this subsection includes the District of [Columbia] *Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.*

(2) Subject to the disapproval of the Administrator within thirty days after notice to him of any action to be taken under this subsection—

(A) The [Federal Security Administrator] *Secretary of Health, Education, and Welfare* through such officers or employees of the [Federal Security

Agency] *Department of Health, Education, and Welfare* as he may designate, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and tax-supported and other nonprofit educational institutions for school, classroom, or other educational use;

(B) the [Federal Security Administrator] *Secretary of Health, Education, and Welfare*, through such officer or employees of the [Federal Security Agency] *Department of Health, Education, and Welfare* as he may designate, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions and instrumentalities thereof, tax-supported medical institutions, and to hospitals and other similar institutions not operated for profit, for use in the protection of public health (including research);

(C) the Secretary of the Interior, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and municipalities for use as a public park, public recreational area, or historic monument for the benefit of the public; or

(D) the Secretary of Defense, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, to States, political subdivisions, and tax-supported instrumentalities thereof for use in the training and maintenance of civilian components of the armed forces,

is authorized and directed—

(i) to determine and enforce compliance with the terms, conditions, reservations, and restrictions contained in any instrument by which such transfer was made;

(ii) to reform, correct, or amend any such instrument by the execution of a corrective, reformative, or amendatory instrument where necessary to correct such instrument or to conform such transfer to the requirements of applicable law; and

(iii) to (I) grant releases from any of the terms, conditions, reservations, and restrictions contained in, and (II) convey, quitclaim, or release to the transferee or other eligible user any right or interest reserved to the United States by, any instrument by which such transfer was made, if he determines that the property so transferred no longer serves the purpose for which it was transferred, or that such release, conveyance, or quitclaim deed will not prevent accomplishment of the purpose for which such property was so transferred: *Provided*, That any such release, conveyance, or quitclaim deed may be granted on, or made subject to, such terms and conditions as he shall deem necessary to protect or advance the interests of the United States.

(l) The Administrator is authorized to take possession of abandoned and other unclaimed property on premises owned or leased by the Government, to determine when title thereto vested in the United States, and to utilize, transfer or otherwise dispose of such property. Former owners of such property upon proper claim filed within three years from the date of vesting of title in the United States shall be paid the proceeds realized from the disposition of such property or, if the property is used or transferred, the fair value therefor as of the time title was vested in the United States as determined by the Administrator, less in either case the costs incident to the care and handling of such property as determined by the Administrator.

(m) *The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in subsections (j) or (k) of this section. Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization.*

(n) *The Secretary of Health, Education, and Welfare shall submit, during each calendar quarter, a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of such House if it is not in session) showing the acquisition cost of all personal property donated*

12 AMEND FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

under subsection (j) and of all real property disposed of under subsection (k) during the preceding calendar quarter to, or for distribution to, educational or public health institutions in each State, Territory, and possession. The first report under this subsection shall be made with respect to property donated or disposed of during the first calendar quarter which begins after the enactment of this subsection.



84TH CONGRESS
1ST SESSION

H. R. 3322

[Report No. 351]

IN THE SENATE OF THE UNITED STATES

MARCH 18 (legislative day, MARCH 10), 1955

Read twice and referred to the Committee on Government Operations

MAY 17 (legislative day, MAY 2), 1955

Reported by Mr. McCLELLAN, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*
3 That (a) paragraph (1) of subsection (j) of section 203 of
4 the Federal Property and Administrative Services Act of
5 1949 is amended (1) by inserting after "other supplies" the
6 following: "(whether or not capitalized in a working-capital
7 or similar fund)", and (2) by adding at the end thereof the
8 following: "~~No property shall be transferred under this~~
9 ~~subsection until the Secretary of Health, Education, and~~
10 ~~Welfare has received from an appropriate State agency or~~

1 official a certification that such property is usable and needed
2 for educational or public health purposes in the State. In
3 determining whether or not property is to be donated under
4 this subsection, no distinction shall be made between property
5 capitalized in a working-capital fund established pursuant
6 to section 405 of the National Security Act of 1947, as
7 amended, or any similar fund, and any other property.”

8 *(b) Paragraph (2) of section 203 (j) of the Federal*
9 *Property and Administrative Services Act of 1949 is*
10 *amended by inserting at the end thereof the following new*
11 *sentence: “No property shall be transferred (except sur-*
12 *plus property donated in conformity with paragraph (3) of*
13 *this subsection), until the Secretary of Health, Education,*
14 *and Welfare has received from an appropriate State agency*
15 *or official a certification that such property is usable and*
16 *needed for educational or public health purposes in the State,*
17 *and no property shall be transferred pursuant to this para-*
18 *graph until the Secretary of Health, Education, and Wel-*
19 *fare has determined that such agency or official has con-*
20 *formed to minimum standards of operation prescribed by the*
21 *Secretary for the disposal of surplus property.”*

22 SEC. 2. (a) Subsection (j) of section 203 of the Federal
23 Property and Administrative Services Act of 1949 is
24 amended by adding at the end thereof the following new
25 paragraph:

1 “(4) The Secretary of Health, Education, and Welfare
2 may impose reasonable terms, conditions, reservations, and
3 restrictions upon the use of any single item of property
4 donated under *paragraph (2) of* this subsection which has
5 an acquisition cost of \$2,500 or more.”

6 (b) The amendment made by subsection (a) shall apply
7 only with respect to property donated after the date of enact-
8 ment of this Act.

9 SEC. 3. Section 203 of the Federal Property and Ad-
10 ministrative Services Act of 1949 is amended by adding at
11 the end thereof the following new subsection:

12 “(m) The Secretary of Health, Education, and Welfare,
13 or the head of any Federal agency designated by the Secre-
14 tary, is authorized to enter into cooperative agreements with
15 State departments of education or health, and with other
16 State agencies, which are responsible for carrying out in
17 the States the program for the utilization of surplus property
18 for educational purposes and health purposes provided for
19 in subsections (j) or (k) of this section. Such cooperative
20 agreements may provide for utilization by such Federal
21 agency, without payment or reimbursement, of the property,
22 facilities, personnel, and services of the State agency in
23 carrying out such program, and for making available to
24 such State agency, without payment or reimbursement,

1 property, facilities, personnel, or services of such Federal
2 agency in connection with such utilization.”

3 SEC. 4. (a) In the case of personal property donated
4 or sold at a discount for ~~educational purposes~~ or *educational*,
5 public health or *memorial* purposes, including research, under
6 any provision of law enacted prior to the enactment of the
7 Federal Property and Administrative Services Act of 1949,
8 no term, condition, reservation, or restriction imposed on
9 the use of such property shall remain in effect after the
10 date of the enactment of this Act. This subsection shall not
11 be deemed to terminate any civil or criminal liability arising
12 out of a violation of such a term, condition, reservation, or
13 restriction *which occurred prior to the enactment of this Act*,
14 if a judicial proceeding to enforce such liability is *pending at*
15 *the time of*, or commenced within one year after, the enact-
16 ment of this Act.

17 (b) No term, condition, reservation, or restriction im-
18 posed upon the use of any single item of property donated
19 under section 203 (j) of the Federal Property and Admin-
20 istrative Services Act of 1949 prior to the enactment of this
21 Act which has an acquisition cost of less than \$2,500 shall
22 remain in effect after the expiration of the one-year period
23 which begins on the date of the enactment of this Act. This
24 subsection shall not be deemed to terminate any civil or
25 criminal liability arising out of a violation of such a term,

1 condition, reservation, or restriction if (1) *such violation*
2 *occurred prior to the expiration of such one-year period and*
3 (2) a judicial proceeding to enforce such liability is *pending*
4 *at the time of enactment of this Act or is commenced within*
5 *not later than one year after the expiration of such one-year*
6 *period.*

7 SEC. 5. Section 203 of the Federal Property and Ad-
8 ministrative Services Act of 1949 is amended by adding at
9 the end thereof the following new subsection:

10 “(n) The Secretary of Health, Education, and Welfare
11 shall submit, during each calendar quarter, a report to the
12 Senate (or to the Secretary of the Senate if the Senate is not
13 in session) and to the House of Representatives (or to the
14 Clerk of such House if it is not in session) showing the ac-
15 quisition cost of all personal property donated under sub-
16 section (j) and of all real property ~~donated~~ *disposed of*
17 under subsection (k) during the preceding calendar quarter
18 to, or for distribution to, educational or public health insti-
19 tutions in each State, Territory, and possession. The first
20 report under this subsection shall be made with respect to
21 property donated *or disposed of* during the first calendar
22 quarter which begins after the enactment of this subsection.”

23 SEC. 6. (a) Section 203 of the Federal Property and
24 Administrative Services Act of 1949 is amended by striking
25 out the words “Federal Security Administrator” and “Fed-

1 eral Security Agency" wherever they appear in subsection
2 (j) or (k) of such section, and by inserting in lieu thereof
3 the words "Secretary of Health, Education, and Welfare",
4 and "Department of Health, Education, and Welfare",
5 respectively.

6 (b) Section 203 of such Act, as amended by this Act,
7 is further amended (1) by striking out in paragraph (1) of
8 subsection (j) thereof the words "the States, Territories, and
9 possessions" and inserting in lieu thereof the words "any
10 State", and (2) by adding at the end of such subsection the
11 following new paragraph:

12 " (5) The term 'State', as used in this subsection,
13 includes the District of Columbia, the Commonwealth of
14 Puerto Rico, and the Territories and possessions of the
15 United States."

16 (c) Clause (D) of paragraph (1) of subsection (k)
17 of section 203 of the Federal Property and Administrative
18 Services Act of 1949 is amended by inserting after "District
19 of Columbia" a comma and the words "the Commonwealth
20 of Puerto Rico,".

Passed the House of Representatives March 17, 1955.

Attest:

RALPH R. ROBERTS,

Clerk.

84TH CONGRESS
1ST SESSION

H. R. 3322

[Report No. 351]

AN ACT

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

MARCH 18 (legislative day, MARCH 10), 1955

Read twice and referred to the Committee on
Government Operations

MAY 17 (legislative day, MAY 2), 1955

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 20, 1955
For actions of May 19, 1955
84th-1st, No. 83

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HIGHLIGHTS: Senate passed bills to: modify REA formula on funds; create Joint Budget Committee; increase per-diem and mileage allowances; provide additional surplus property for education and health agencies. Senate committee reported bill to reduce interest on disaster loans to 3%. House Rules Committee cleared bills for donations of surplus commodities and for loans to small reclamation projects. House committee reported bill to increase per-diem allowances. House debated reserve forces bill. Rep. Holifield criticized administration's farm program. Rep. Schoeppel introduced and discussed bill for 70% wheat price supports if quotas are rejected. Sen. Humphrey criticized administration's farm program.

SENATE

1. RURAL ELECTRIFICATION. Passed with amendment S. 153, to modify the formula for distribution of REA funds (pp. 5627-30). Agreed to a clarified version of the Humphrey amendment, which provides as follows: Retains but modifies the State allotment formula by making 25% (instead of 50%) of the annual loan fund appropriations subject to State allotment on the basis of unelectrified farms during the first six months of the fiscal year. Thereafter the unexpended or unobligated funds would be merged with the remaining 75% of the annual loan funds which would be available without allotment, with not more than 25% of unallotted annual loan funds to be employed in any one State, or in all of the Territories. Loan funds which are not loaned or obligated may be carried over to following years, under the amendment, but not more than 25% of such funds could be used in any one State or in all of the Territories.

2. SURPLUS PROPERTY. Passed as reported H. R. 3322, which provides as follows: Requires that surplus personal property carried in a working capital or similar fund in any Federal agency shall be considered for donation to educational or health institutions on the same basis as surplus personal property which is not carried in such a fund. Authorizes HEW to arrange for Federal and State agencies in carrying out their surplus-property responsibilities, to use each other's

facilities, services, etc. Makes other provisions regarding administration of the program by HEW. (p. 5637:)

3. BUDGETING. Passed without amendment S. 1805, which provides as follows:
Establishes a Joint Committee on the Budget composed of members of the Appropriations Committees. The Joint Committee would obtain information for the Appropriations Committees, make recommendations to the legislative committees, hold hearings, make personnel available to the Appropriations Committees, etc. Requires that the annual budget include an analysis of all active long-term construction programs authorized by Congress, showing for each the total estimated cost, the estimated expenditures during prior, current, ensuing, and subsequent fiscal years, and that all grant-in-aid programs be included in the analysis covering grants of indefinite duration. Provides for members of the Budget Bureau staff to be assigned to attend executive sessions of the appropriations subcommittees as may be required. Directs the Comptroller General to make investigations and reports for the Joint Committee upon request. Provides that all committees recommending legislation which would authorize appropriations must include in their reports estimates as to the initial cost of the project or programs and their continuing cost over the succeeding 5 years, based on estimates from the department or agency primarily concerned, after review by the Budget Bureau. Authorizes the Joint Committee to recommend joint hearings on appropriation bills. (pp. 5637-9.)
4. TRAVEL EXPENSES. Passed with amendment S. 1580, to increase/per-diem and mileage allowances (pp. 5645-6). S. 1795, on the same subject, was indefinitely postponed. Agreed to an amendment by Sen. Johnson to decrease the maximum per-diem allowance, as provided in the committee bill, from \$13 to \$12. Sen. Johnson said this amendment was proposed because a \$12 maximum was provided in the recent military pay bill. As passed by the Senate, the bill raises the maximum per-diem rate from \$9 to \$12, and the maximum mileage rates, for the use of private motorcycles and automobiles, from 4 and 7 cents to 6 and 10 cents, respectively. maximum
5. FARM LOANS. The Agriculture and Forestry Committee reported without amendment S. 1755, to reduce from 5% to 3% the interest rate on disaster loans made by this Department (S. Rept. 363)(p. 5603).
6. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments S. 180, to authorize the Washita River Basin reclamation project, Okla. (S. Rept. 361)(p. 5603).
The Committee also reported with amendment H. R. 103, to provide for construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies (S. Rept. 362)(p. 5603).
7. POSTAL PAY BILL. Received from the President a veto message on this bill, S. 1 (pp. 5625-6)(S. Doc. 44).
8. FARM PROGRAM. Sen. Humphrey criticized the administration's farm program, claiming that it is adversely affecting farm income, and said insufficient progress has been made in foreign surplus disposal (pp. 5643-5).
9. WAR POWERS. Passed without amendment H. R. 4052, which authorizes the President to authorize Government departments and agencies, if engaged in national defense, to enter into contracts without bidding, etc. The bill would continue this authority, under Title II of the First War Powers Act, for 2 years, until June 30, 1957. (p. 5641.) This bill will now be sent to the President.
10. LEGISLATIVE PROGRAM. It was agreed that debate on the road bill will begin today and that a vote to override the veto of the postal pay bill will be taken

when action was concluded on the joint resolution which was passed earlier in the afternoon.

No rollcalls are expected, Mr. President. I do not think there is any thing controversial in the measures to be considered.

It is hoped to have the road bill, S. 1048, made the unfinished business, to have just general discussion of it on Friday, then recess until Monday, and have further discussion of the road bill on Monday. Under the agreement reached today, action on the President's veto of the postal pay bill will be taken on Tuesday, and we shall then proceed with the road bill as far as possible.

Mr. President, I now desire to make a motion.

The PRESIDING OFFICER. The Senator from Texas has the floor.

IMPROVEMENT OF ADMINISTRATION OF THE FEDERAL PROPERTY AND SERVICES ACT OF 1949

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 355, House bill 3322, and I call the attention of the senior Senator from Arkansas [Mr. McCLELLAN] to the motion.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 3322) to amend the Federal Property and Administrative Services Act of 1949, so as to improve the administration of the program for the utilization of surplus property for educational and public-health purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 3322) which had been reported from the Committee on Government Operations with amendments, on page 1, line 3, after the word "That", to insert "(a)"; in line 8, after the word "following", to strike out "No property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State."; on page 2, after line 7, to insert:

(b) Paragraph (2) of section 203 (j) of the Federal Property and Administrative Services Act of 1949 is amended by inserting at the end thereof the following new sentence: "No property shall be transferred (except surplus property donated in conformity with paragraph (3) of this subsection), until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State, and no property shall be transferred pursuant to this paragraph until the Secretary of Health, Education, and Welfare has determined that such agency or official has conformed to minimum standards of operation prescribed by the Secretary for the disposal of surplus property."

On page 3, line 4, after the word "under", to insert "paragraph (2) of"; on page 4, line 4, after the word "for",

to strike out "educational purposes or" and insert "educational"; in line 5, after the word "health", to insert "or memorial"; in line 13, after the word "restriction", to insert "which occurred prior to the enactment of this act"; in line 14, after the word "is", to insert "pending at the time of, or"; on page 5, line 1, after the word "if", to insert "(1) such violation occurred prior to the expiration of such one-year period and (2)"; in line 3, after the word "is", to insert "pending at the time of enactment of this Act or is"; in line 4, after the word "commenced", to strike out "within" and insert "not later than"; in line 16, after the word "property", to strike out "donated" and insert "disposed of"; in line 21, after the word "donated", to insert "or disposed of", and after line 22 to insert:

SEC. 6. (a) Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by striking out the words "Federal Security Administrator" and "Federal Security Agency" wherever they appear in subsection (j) or (k) of such section, and by inserting in lieu thereof the words "Secretary of Health, Education, and Welfare", and Department of Health, Education, and Welfare", respectively.

(b) Section 203 of such act, as amended by this act, is further amended (1) by striking out in paragraph (1) of subsection (j) thereof the words "the States, Territories, and possessions" and inserting in lieu thereof the words "any State", and (2) by adding at the end of such subsection the following new paragraph:

"(5) The term 'State', as used in this subsection, includes the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States."

(c) Clause (D) of paragraph (1) of subsection (k) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by inserting after "District of Columbia" a comma and the words "the Commonwealth of Puerto Rico."

The amendments were agreed to.

Mr. McCLELLAN. Mr. President, H. R. 3322, which was passed by the House, came to the Senate and was considered by the Committee on Government Operations, which made some minor amendments to the bill.

The bill provides that surplus personal property carried in a working capital or similar fund in any Federal agency is to be considered for donation to educational or health institutions on the same basis as surplus personal property which is not carried in such a fund. The purpose of the bill is to make clear that the Congress does not intend, and has never intended, to exempt surplus personal property from the donation program merely because it is carried in a working capital fund managed by the Department of Defense or any other agency, regardless of the time it was procured or the accounting classification under which procured or carried on the books of the owning agency.

Mr. President, there has been quite a loophole in the act affecting surplus property, which is intended, under existing law, to be made available for health and educational purposes. The purpose of the bill is to close that loophole and to make all Government personal property which may become surplus available for donation, where suit-

able, for educational or health uses, by having the property designated as surplus, rather than sold and disposed of by the agency wherein the excess or surplus arises.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments, and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AMENDMENT OF LEGISLATIVE REORGANIZATION ACT OF 1946

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 356, Senate bill 1805, amending the Legislative Reorganization Act of 1946.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1805) to amend the Legislative Reorganization Act of 1946, to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States.

Mr. McCLELLAN. Mr. President, bills similar to the pending bill have previously been passed twice by the Senate.

The bill provides the Congress with the machinery necessary to enable it to meet its constitutional responsibilities in connection with the appropriation of funds required for the conduct of the Federal Government.

I may say that the bill seeks to accomplish this objective by establishing a Joint Committee on the Budget, composed of Members of the Senate and the House Appropriations Committees, which would assist the Congress in exercising adequate control over the expenditure of public funds by the executive branch of the Government.

In 1952 a similar bill, in substantially the form of the pending bill, was passed by the Senate by a vote of 55 to 8, but failed of passage in the House. Thereafter, the bill was reintroduced in the 83d Congress, as Senate bill 833; and at that time it was cosponsored by 54 Members of the Senate. In that Congress the bill was passed unanimously by the Senate but likewise failed of passage in the House.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1805) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted, etc., That section 138 of the Legislative Reorganization Act of 1946, as amended, is hereby amended to read as follows:

"JOINT COMMITTEE ON THE BUDGET

"SEC. 138. (a) There is hereby created a joint service committee, to be known as the Joint Committee on the Budget (hereinafter in this section called the 'joint com-

mittee') and to be composed of 14 members as follows:

"(1) Seven Members who are members of the Committee on Appropriations of the Senate, 4 from the majority party and 3 from the minority party, to be chosen by such committee; and

"(2) Seven Members who are members of the Committee on Appropriations of the House of Representatives, 4 from the majority party and 3 from the minority party, to be chosen by such committee.

"(b) No person shall continue to serve as a member of the joint committee after he has ceased to be a member of the committee from which he was chosen, except that the members chosen by the Committee on Appropriations of the House of Representatives who have been reelected to the House of Representatives may continue to serve as members of the joint committee notwithstanding the expiration of the Congress. A vacancy in the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as the original selection, except that (1) in case of a vacancy during an adjournment or recess of Congress for a period of more than 2 weeks, the members of the joint committee who are members of the committee entitled to fill such vacancy may designate a member of such committee to serve until his successor is chosen by such committee, and (2) in the case of a vacancy after the expiration of a Congress which would be filled from the Committee on Appropriations of the House of Representatives, the members of such committee who are continuing to serve as members of the joint committee, may designate a person who, immediately prior to such expiration, was a member of such committee and who is reelected to the House of Representatives, to serve until his successor is chosen by such committee.

"(c) The joint committee shall elect a chairman and vice chairman from among its members at the first regular meeting of each session: *Provided, however,* That during even years the chairman shall be selected from among the members who are Members of the House of Representatives and the vice chairman shall be selected from among the members who are Members of the Senate, and during odd years the chairman shall be selected from among the members who are Members of the Senate and the vice chairman shall be selected from among the members who are Members of the House of Representatives.

"(d) The joint committee may make such rules respecting its organization and procedures as it deems necessary: *Provided, however,* That no measure or recommendation shall be reported from the joint committee unless a majority of the committee assent.

"(e) It shall be the duty of the joint committee—

"(1) (A) to inform itself on all matters relating to the annual budget of the agencies of the United States Government, including analytical, investigative, audit, and other reports on Federal operations prepared by the General Accounting Office pursuant to section 312 of the Budget and Accounting Act, 1921, the Government Corporation Control Act, and section 206 of the Legislative Reorganization Act of 1946, and by other Federal agencies; (B) to provide the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate with such information on items contained in such budget, and the justifications submitted in support thereof, as may be necessary to enable said committees to give adequate consideration thereto; (C) to consider the President's messages on the state of the Union and the Economic Report, to consider all information

relating to estimated revenues, including revenue estimates of the Department of the Treasury and the Joint Committee on Internal Revenue Taxation, to consider essential programs, and to consider changing economic conditions; and (D) to report to the Appropriations Committee of the House of Representatives and the Senate its findings with respect to budget estimates and revisions in appropriations required to hold expenditures to the minimum consistent with the requirements of Government operations and national security;

"(2) to recommend to the appropriate standing committees of the House of Representatives and the Senate such changes in existing laws as may effect greater efficiency and economy in government;

"(3) to make such reports and recommendations to any standing committee of either House of Congress or any subcommittee thereof on matters within the jurisdiction of such standing committee relating to deviations from basic legislative authorization, or to appropriations approved by Congress which are not consistent with such basic legislative authorization, or to cutbacks in previously authorized programs which require appropriations, as may be deemed necessary or advisable by the joint committee, or as may be requested by any standing committee of either House of Congress or by any subcommittee thereof;

"(4) to report to the Committees on Appropriations of the House of Representatives and the Senate at the beginning of each regular session of the Congress the total estimated costs of all programs and projects authorized by the Congress, together with estimated costs of such programs and projects during the fiscal year under way, the ensuing fiscal year and subsequent fiscal years, and to make such interim reports as may be deemed advisable.

"(f) The joint committee, or any subcommittee thereof, shall have power to hold hearings and to sit and act anywhere within or without the District of Columbia whether the Congress is in session or has adjourned or is in recess; to require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems necessary to carry out its functions within the amount appropriated therefor. Subpoenas shall be issued under the signature of the chairman or vice chairman of the committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192-194) shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section.

"(g) The joint committee shall have a staff director, an associate staff director, and such other professional, technical, clerical, and other employees, temporary or permanent, as may be necessary to carry out the duties of the joint committee. Such employees shall be employed without regard to the civil-service laws, and their compensation shall be fixed without regard to the Classification Act of 1949, as amended. The staff director shall be appointed by and responsible to the members of the party of which the chairman of the joint committee is a member, and the associate staff director shall be appointed by and responsible to the members of the opposition party. No person shall be employed by the joint committee unless the members appointing him have favorably considered the data with respect to him submitted by the Federal Bureau of Investigation after a thorough investigation of his loyalty and security.

"(h) The joint committee shall make available members of its staff to assist the staffs

of the Committees on Appropriations of the House of Representatives and of the Senate and the several subcommittees thereof during the periods when appropriation bills are pending.

"(i) Professional and technical employees of the joint committee, upon the written authority of the chairman or vice chairman, shall have the right to examine the fiscal books, documents, papers, and reports of any agency of the United States Government within or without the District of Columbia, and data related to proposed appropriations incorporated in the annual budget transmitted by the President.

"(j) The annual budget of the United States shall henceforth include a special analysis of all active long-term construction and development programs and projects authorized by the Congress, showing for each the total estimated cost, and the actual or estimated expenditures during prior fiscal years, the current fiscal year, the ensuing fiscal year, and subsequent fiscal years. All grant-in-aid programs shall be included in this analysis, in a separate grouping, showing under the heading 'Subsequent Fiscal Years' for grants of indefinite duration the estimated annual cost for a 10-year period.

"(k) Qualified members of the staff of the Bureau of the Budget shall, at the request of the Committee on Appropriations of the House of Representatives or the Senate, or any subcommittee thereof, be assigned to attend executive sessions of the subcommittees of the Appropriations Committees and to explain the content and basis of proposed appropriations.

"(l) The Comptroller General of the United States shall, at the request of the chairman of the Joint Committee on the Budget, make such investigations and reports with respect to any agency as will enable such joint committee to give adequate consideration to items relating to such agency which are contained in the budget as submitted by the President, and the justifications submitted in support thereof; and, for this purpose, the Comptroller General is authorized to employ technical and professional personnel without regard to the civil-service laws, rules, or regulations, and fix their compensation without regard to the Classification Act of 1949, as amended.

"(m) When used in this section, the term 'agency' means any executive department, commission, council, independent establishment, Government corporation, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government. Such term includes the Comptroller General of the United States and the General Accounting Office, and includes any and all parts of the municipal government of the District of Columbia except the courts thereof.

"(n) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section. Appropriations for the expenses of the joint committee shall be disbursed by the Secretary of the Senate upon vouchers signed by the chairman or vice chairman."

SEC. 2. Effective at the beginning of the second regular session of the 84th Congress, section 133 of the Legislative Reorganization Act of 1946, as amended, is amended by adding at the end thereof the following new subsection:

"(g) (1) All bills and joint resolutions authorizing appropriations reported from committees of the Senate or the House of Representatives shall be accompanied by reports in writing, which shall be printed; and there shall be included in each such report or in an accompanying document an estimate from the department or other agency of the legislative, executive, or judicial branch of the Government primarily concerned of the probable cost of carrying

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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For actions of May 23, 1955

84th-1st, No. 85

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate committee reported Mexican fence bill and salt-water research bill. Senate debated road bill. House agreed to conference report on Treasury-Post Office appropriation bill and to Senate amendments to bill to provide additional surplus property for education and health agencies. Both bills ready for President. House Rules Committee cleared bills for loans to small reclamation projects and for donations of surplus commodities. House committee ordered reported Mexican farm labor bill. President approved agricultural appropriation bill and bill to repeal ACP tie-in with acreage allotments.

HOUSE

1. APPROPRIATIONS. Agreed to the conference report on H. R. 4876, the Treasury-Post Office appropriation bill for 1956 (pp. 5812-3). This bill will now be sent to the President.
2. RECLAMATION. The Rules Committee reported a resolution for consideration of H. R. 5881, to provide for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects (pp. 5814, 5837). Reps. Holifield and Dawson (Utah) discussed the proposed upper Colorado River project and some of the effects it would have on agriculture (pp. 5825-8).
3. SURPLUS COMMODITIES. The Rules Committee reported a resolution for consideration of H. R. 2851, to authorize CCC to process food commodities for donation to the needy through HEW (pp. 5821, 5837).
4. SURPLUS PROPERTY. Concurred in Senate amendments to H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes (pp. 5813-4). This bill will now be sent to the President.

5. ROADS. The Public Works Committee reported without amendment H. R. 5923, to authorize appropriations for completion of the Inter-American Highway (H.Rept. 611) (p. 5837).
6. FARM LABOR. The Agriculture Committee voted to report H. R. 3822, extending for $3\frac{1}{2}$ years (until June 30, 1959), the program of recruitment of agricultural workers from Mexico (p. 1453).
7. ORGANIZATION. Rep. Patman discussed and criticized certain recommendations of the Hoover Commission, especially those relating to veterans and their dependents (pp. 5821-3).
8. BANKING AND CURRENCY. The Banking and Currency Committee reported without amendment H. R. 6227, to provide for the control and regulation of bank holding companies (H. Rept. 609) (p. 5837).
9. ELECTRIFICATION; LANDS. Both Houses received Hawaiian Legislature resolutions requesting REA to investigate the possibility of setting up a rural-electrification cooperative to serve certain areas in Hawaii, and urging the amendment of certain patents of Government lands containing restrictions as to the use of such lands (pp. 5837, 5742).

SENATE

10. ROADS. Continued debate on S. 1048, to authorize appropriations for continuing the construction of highways. Agreed to the committee amendments en bloc. Sen. Martin submitted an amendment in the nature of a substitute which was still pending at recess. (pp. 5754-92, 5795-5809.)
11. SECOND URGENT DEFICIENCY APPROPRIATIONS, 1955. The appropriations Committee/
amendment this measure, H. J. Res. 310, which provides funds for VA readjustment loans and the Hoover Commission (S. Rept. 371) (pp. 5744, 5792). reported without
12. BOUNDARY FENCE. The Interior and Insular Affairs Committee reported without amendment S. 76, authorizing appropriations for the construction, operation, and maintenance of the Mexican western land boundary fence project (S. Rept. 373), and Sen. Goldwater's name was added as co-sponsor of the bill (p. 5745).
13. FOREST LANDS. The Interior and Insular Affairs Committee reported with amendments S. 55, to authorize the United States to buy lands in the Coconino and Sitgreaves National Forests from the Aztec Land and Cattle Co., Ltd. (S. Rept. 369) (p. 5744).
14. SALT-WATER RESEARCH. The Interior and Insular Affairs Committee reported with amendments S. 516, extending the program of research in the development and utilization of saline waters (S. Rept. 370) (p. 5744).
15. FLOOD CONTROL. Sen. Fulbright inserted a resolution adopted by the Arkansas General Assembly petitioning Congress to provide funds for the construction of the Greer's Ferry project on the White River in Arkansas (p. 5743).
16. AIR POLLUTION. The Public Works Committee ordered reported with amendments S. 928, to amend the Water Pollution Control Act to provide for the control of air pollution (p. 1452).
17. LEGISLATIVE PROGRAM as announced by Sen. Johnson: Today the Senate will vote on the postal-pay bill and then will resume debate on the road bill. It is

250,000. This is \$3,750,000 more than the House allowance and the same amount below the Senate bill.

For the Post Office Department the bill provides \$2,721,720,500, an increase of \$36,020,500 over the House version, a decrease of \$32,383,500 in the bill as passed by the Senate, and a reduction of \$33,096,500 in the estimates.

The conferees agreed to eliminate language proposed by the Senate, amendment No. 5, which would have established legislative authority for a change in the manner of handling certain phases of the postal deficit. It was felt that the entire matter of financing these special activities of a subsidy nature should more properly be considered by the appropriate legislative committee.

The bill provides \$1,870,000,000 for the "Operations" appropriation, an increase of \$20 million over the amount provided by the House and a decrease in the esti-

mate and in the bill as passed by the Senate of \$16,363,000.

For "Transportation," the bill provides \$661,620,500, which is \$13,620,500 above the House version and the same amount below the estimates and the Senate bill.

An amount of \$157,400,000 is provided for "Facilities," which is \$2,400,000 below both the estimate and the Senate bill and an equal amount above the bill as passed by the House.

For the Tax Court of the United States, the bill provides \$1,170,000, an increase of \$135,000 over the bill as passed by the House, which was contained in Senate Document No. 26 and represents the supplemental requirements resulting from the recent increase in pay for the judiciary.

The following table summarizes the action of the conferees:

	Title I, Treasury	Title II, Post Office	Title III, Tax Court	Total
Appropriations, 1955.....	\$589,955,600	\$2,754,877,100	\$1,000,000	\$3,345,832,700
Estimates, 1956.....	604,398,000	2,754,817,000	1,170,000	3,360,385,000
House bill.....	595,818,000	2,685,700,000	1,035,000	3,282,553,000
Senate bill.....	603,348,000	2,754,104,000	1,170,000	3,358,622,000
Conference bill.....	599,598,000	2,721,720,500	1,170,000	3,322,488,500
Conference bill compared with:				
House bill.....	+3,780,000	+36,020,500	+135,000	+39,935,500
Senate bill.....	-3,750,000	-32,383,500	-----	-36,133,500
Estimates.....	-4,800,000	-33,096,500	-----	-37,896,500

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. GROSS. How much increase or decrease is this over the spending of last year for the same two Departments?

Mr. GARY. The bill is roughly \$23 million less than last year.

Mr. WILSON of Indiana. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. WILSON of Indiana. Of course, it is understandable that there should be an increase by virtue of an increase in the volume of mail being handled by the Department; also the item of \$11 million, which the House authorized for the purchase of uniforms.

Mr. GARY. That is correct.

Mr. WILSON of Indiana. So it is perfectly understandable that in view of this increased volume of mail, and in view of that authorization, the bill would call for more. I think we cut them a little deeper than we should have. If some of you folks have difficulty getting extensions on your mail routes, do not blame the Postmaster General because we cut his budget to the limit, and he will be back for more money before next year. If you do not want him to have more, that is all right. If you have trouble getting extensions and getting proper mail service, the country is building up, the population is increasing, there are new developments, and we need expanded service, and we need new carriers, and if you folks do not get them just blame yourselves. Do not blame the Postmaster General. I think, if you do get them, he will be back here asking for more money before the fiscal year ends.

Mr. GARY. Mr. Speaker, may I say that the Congress voted the Postmaster General \$101 million more than he could spend last year. This year we apparently voted him \$52 million more than he can spend. This bill cuts his estimates only \$33 million, and in view of the record for the past 2 years, we feel that he can easily stand this cut. In fact, I think the Department could stand a much larger cut; nevertheless, we have agreed on this amount with the Senate and I ask that the House approve the conference report.

Mr. WILSON of Indiana. Mr. Speaker, will the gentleman yield further?

Mr. GARY. I yield.

Mr. WILSON of Indiana. In view of the most recent statement of the gentleman from Virginia, I think we should add this comment, that the Postmaster General did not spend all the money we gave him for the sake of getting rid of it and asking for more.

We have had a policy in some departments in recent years where they rush out and spend all the money we appropriate, in fact, they have people working overtime figuring out ways and means to justify a request for larger amounts. But we have a Postmaster General who last year did not spend the money we gave him. However, due to an increase in population and due to an increase in the mails, he cannot save as much this year. I do not think we should penalize him because he turned back money. He will probably turn money back this year.

Mr. GARY. I commend the Postmaster General for not spending all the money the Congress authorized him to spend last year.

Mr. WILSON of Indiana. We have a new policy in Government, you know.

Mr. GARY. At the same time I think the Congress should be careful not to put too much temptation in the way of department heads, that we should give the heads of the various departments what we think they can reasonably spend, and no more.

Mr. WILSON of Indiana. For 20 years you did not have any money turned back. We are embarking on a different type of program now, and if the gentleman from Virginia will bear with the Postmaster General in trying to do a good job and save a little money he should praise him instead of penalizing him.

Mr. GARY. Does the gentleman insinuate that the gentleman from Virginia has not cooperated with the Post Office Department? I think the gentleman from Indiana will admit that not only has the gentleman from Virginia, but also our subcommittee, has cooperated most heartily with the Post Office Department and encouraged every economy program that it has instituted; as a matter of fact, we pointed the way to most of it.

Mr. WILSON of Indiana. Based on the new budget, I think the Postmaster General will be back for more money, and I think there will be enough people of this House screaming for better postal service to assure his getting that money.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Iowa.

Mr. GROSS. I wish the head of the Foreign Operations Administration, Mr. Stassen, would take the same attitude that the Postmaster General takes and not spend everything that is thrown into his lap.

Mr. GARY. I think the gentleman will find that he has a very large amount of unexpended funds, too.

Mr. GROSS. If the gentleman will yield further, last year the gentleman's committee pointed out that the head of the FOA, Mr. Stassen, was rushing out and committing hundreds of millions of dollars just before the fiscal year ended, just so he could get rid of it.

Mr. GARY. I think that is probably true, and I am not certain that it was not done by the Post Office Department this year. Anyway, they could not spend all the money we gave them, and for that reason we are now cutting down somewhat.

(Mr. GARY asked and was given permission to revise and extend his remarks.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to; and a motion to reconsider was laid on the table.

IMPROVED ADMINISTRATION OF PROGRAM FOR UTILIZATION OF SURPLUS PROPERTY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3322) to amend the Federal Property and Administrative Services Act of 1949 so as to

improve the administration of the program for the utilization of surplus property for educational and public health purposes, with Senate amendments, and agree to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 3, after "That", insert "(a)."

Page 1, lines 8 and 9, and page 2, lines 1, 2, and 3, strike out "No property shall be transferred under this subsection until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State."

Page 2, after line 8, insert:

"(b) Paragraph (2) of section 203 (j) of the Federal Property and Administrative Services Act of 1949 is amended by inserting at the end thereof the following new sentence: 'No property shall be transferred (except surplus property donated in conformity with paragraph (3) of this subsection), until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State, and no property shall be transferred pursuant to this paragraph until the Secretary of Health, Education, and Welfare has determined that such agency or official has conformed to minimum standards of operation prescribed by the Secretary for the disposal of surplus property.'"

Page 2, line 16, after "under", insert "Paragraph (2) of."

Page 3, line 15, strike out "educational purposes or" and insert "educational."

Page 3, line 16, after "health", insert "or memorial."

Page 3, line 23, after "restriction", insert "which occurred prior to the enactment of this act."

Page 3, line 24, after "is", insert "pending at the time of, or."

Page 4, line 10, after "If", insert "(1) such violation occurred prior to the expiration of such 1-year period and (2)."

Page 4, line 11, after "is", insert "pending at the time of enactment of this act or is."

Page 4, line 11, strike out "within" and insert "not later than."

Page 4, line 22, strike out "donated" and insert "disposed of."

Page 5, line 2, after "donated", insert "or disposed of."

Page 5, after line 4, insert:

"SEC. 6. (a) Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by striking out the words 'Federal Security Administrator' and 'Federal Security Agency' wherever they appear in subsection (j) or (k) of such section, and by inserting in lieu thereof the words 'Secretary of Health, Education, and Welfare', and 'Department of Health, Education, and Welfare', respectively.

"(b) Section 203 of such act, as amended by this act, is further amended (1) by striking out in paragraph (1) of subsection (j) thereof the words 'the States, Territories, and possessions' and inserting in lieu thereof the words 'any State', and (2) by adding at the end of such subsection the following new paragraph:

"(5) The term 'State', as used in this subsection, includes the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States."

"(c) Clause (D) of paragraph (1) of subsection (k) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by inserting after 'District

of Columbia' a comma and the words 'the Commonwealth of Puerto Rico'."

Mr. RIEHLMAN. Mr. Speaker, reserving the right to object, and I do not intend to, I think it would be well if the gentleman would explain to the House the changes in the bill that were brought about in conference.

Mr. McCORMACK. Mr. Speaker, this is a bill that all Members are interested in relating to the donable or personal property given to our colleges, universities, schools, and hospitals where it has been declared surplus.

The bill also meets the declaration of excess principle by the Defense Department.

Without going into detail, which is unnecessary at this point, may I say that the several amendments put on by the Senate are either clarifying amendments or amendments of a perfecting nature. The bill has been very carefully worked out. The Senate staff kept in touch with the staff of our committee in the House, particularly the special subcommittee and it in no way makes any substantial changes in the bill as passed by the House.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendments were concurred in; and a motion to reconsider was laid on the table.

SUPPLEMENT TO FEDERAL RECLAMATION LAWS

Mr. BOLLING, from the Committee on Rules, reported the following privileged resolution (H. Res. 248, Rept. No. 612), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5981) to supplement the Federal reclamation laws by providing for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AMENDING THE DISTRICT OF COLUMBIA TRAFFIC ACT

Mr. McMILLAN. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H. R. 6063) to amend the District of Columbia Traffic Act, 1925, to exempt certain officers and employees of the Senate and House of Representatives from the requirements of such act re-

lating to the registration of motor vehicles and the licensing of operators when they can prove legal residence in some State and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The Clerk read the bill as follows:

Be it enacted, etc., That the sixth sentence of subsection (a) of section 8 of the District of Columbia Traffic Act, 1925, as amended (D. C. Code, sec. 40-303 (a)), is amended (1) by striking out "as administrative employees", and (2) by striking out "administrative employees of Senators, Representatives, Delegates, and Resident Commissioners who are legal residents of the State, Territory, or possession from which said Senators, Representatives, Delegates, and Resident Commissioners have been elected or appointed;" and by inserting in lieu thereof "employees of Senators, Representatives, Delegates, and Resident Commissioners, employees of the standing, select, and joint committees of the Senate and House of Representatives, and all other officers and employees in or under the Senate and the House of Representatives;" *Provided*, That such employees are legal residents of some State and entitled to register their motor vehicles in such State.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McMILLAN. Mr. Speaker, I move to strike out the last word in order to explain this bill.

The purpose of this bill (H. R. 6063) is to grant reciprocity to a few employees on Capitol Hill who are eligible to procure license tags in their home State. This bill only applies to a few people employed on Capitol Hill whose services are only required in the District of Columbia during the session of Congress.

This bill makes it especially necessary that a person be a resident of such State and eligible to purchase license tags from such State.

We found that a few employees on Capitol Hill were not included in the act, granting reciprocity to Members of Congress and their employees, which this Congress enacted last year.

Mr. KEARNS. Mr. Speaker, will the gentleman yield?

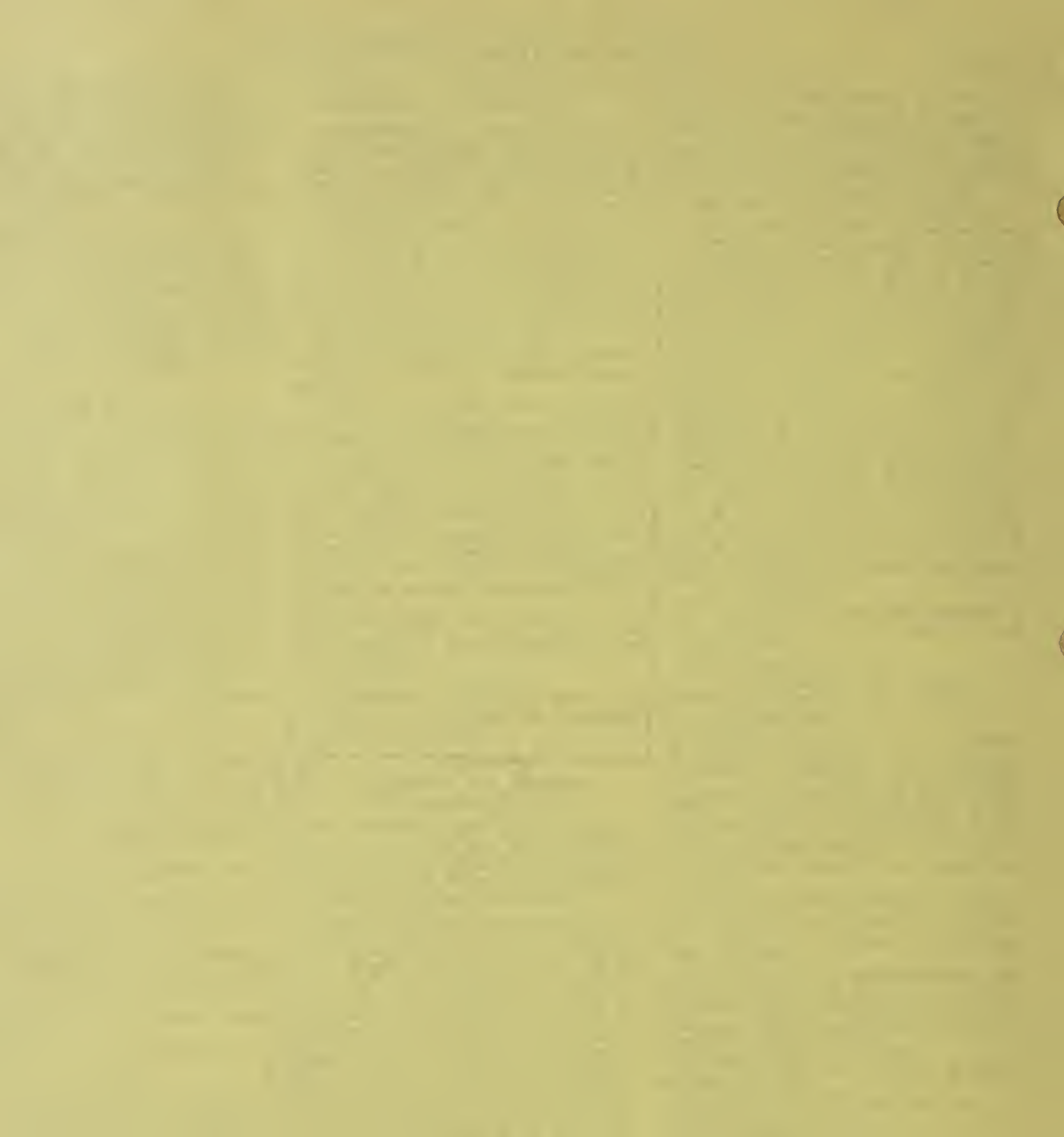
Mr. McMILLAN. I yield to the gentleman from Pennsylvania.

Mr. KEARNS. Mr. Speaker, I have no objection particularly to the bill except I feel that perhaps the personnel that the chairman of the Committee on the District of Columbia wants to include in it should be spelled out, not the individuals but the officers involved. I am afraid that the language as it reads now would leave the door wide open and would extend to the administrative branch of the Government, the judicial branch, or to any other part of the Government.

Mr. McMILLAN. This bill specifically states the legislative branch of the Government.

Mr. KEARNS. Could the distinguished chairman tell me whether or not he had any hearings on this legislation?

Mr. McMILLAN. We did not, because it did not affect any person but employees on Capitol Hill.



Public Law 61 - 84th Congress
Chapter 130 - 1st Session
H. R. 3322

AN ACT

To amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for educational and public health purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph

(1) of subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended (1) by inserting after "other supplies" the following: "(whether or not capitalized in a working-capital or similar fund)", and (2) by adding at the end thereof the following: "In determining whether or not property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property." Federal Property and Administrative Services Act of 1949, amendment. 64 Stat. 579. 40 USC 484. 63 Stat. 587. 5 USC 172d.

(b) Paragraph (2) of section 203 (j) of the Federal Property and Administrative Services Act of 1949 is amended by inserting at the end thereof the following new sentence: "No property shall be transferred (except surplus property donated in conformity with paragraph (3) of this subsection), until the Secretary of Health, Education, and Welfare has received from an appropriate State agency or official a certification that such property is usable and needed for educational or public health purposes in the State, and no property shall be transferred pursuant to this paragraph until the Secretary of Health, Education, and Welfare has determined that such agency or official has conformed to minimum standards of operation prescribed by the Secretary for the disposal of surplus property." Restriction on property transferal.

SEC. 2. (a) Subsection (j) of section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new paragraph: Restrictions, etc., on use of property.

"(4) The Secretary of Health, Education, and Welfare may impose reasonable terms, conditions, reservations, and restrictions upon the use of any single item of property donated under paragraph (2) of this subsection which has an acquisition cost of \$2,500 or more." 69 Stat. 83. 69 Stat. 84.

(b) The amendment made by subsection (a) shall apply only with respect to property donated after the date of enactment of this Act. Applicability.

SEC. 3. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection: 63 Stat. 386. 40 USC 484.

"(m) The Secretary of Health, Education, and Welfare, or the head of any Federal agency designated by the Secretary, is authorized to enter into cooperative agreements with State departments of education or health, and with other State agencies, which are responsible for carrying out in the States the program for the utilization of surplus property for educational purposes and health purposes provided for in subsections (j) or (k) of this section. Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization." Cooperative agreements.

Termination of
prior restric-
tions, etc.

63 Stat. 377.

40 USC 471 note.

SEC. 4. (a) In the case of personal property donated or sold at a discount for educational, public health or memorial purposes, including research, under any provision of law enacted prior to the enactment of the Federal Property and Administrative Services Act of 1949, no term, condition, reservation, or restriction imposed on the use of such property shall remain in effect after the date of the enactment of this Act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction which occurred prior to the enactment of this Act, if a judicial proceeding to enforce such liability is pending at the time of, or commenced within one year after the enactment of this Act.

(b) No term, condition, reservation, or restriction imposed upon the use of any single item of property donated under section 203 (j) of the Federal Property and Administrative Services Act of 1949 prior to the enactment of this Act which has an acquisition cost of less than \$2,500 shall remain in effect after the expiration of the one-year period which begins on the date of the enactment of this Act. This subsection shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction if (1) such violation occurred prior to the expiration of such one-year period and (2) a judicial proceeding to enforce such liability is pending at the time of enactment of this Act or is commenced not later than one year after the expiration of such one-year period.

40 USC 484.

SEC. 5. Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

Reports to
Senate and
House of
Representatives.

"(n) The Secretary of Health, Education, and Welfare shall submit, during each calendar quarter, a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of such House if it is not in session) showing the acquisition cost of all personal property donated under subsection (j) and of all real property disposed of under subsection (k) during the preceding calendar quarter to, or for distribution to, educational or public health institutions in each State, Territory, and possession. The first report under this subsection shall be made with respect to property donated or disposed of during the first calendar quarter which begins after the enactment of this subsection."

69 Stat. 84.

69 Stat. 85.

SEC. 6. (a) Section 203 of the Federal Property and Administrative Services Act of 1949 is amended by striking out the words "Federal Security Administrator" and "Federal Security Agency" wherever they appear in subsection (j) or (k) of such section, and by inserting in lieu thereof the words "Secretary of Health, Education, and Welfare", and "Department of Health, Education, and Welfare", respectively.

(b) Section 203 of such Act, as amended by this Act, is further amended (1) by striking out in paragraph (1) of subsection (j) thereof the words "the States, Territories, and possessions" and inserting in lieu thereof the words "any State", and (2) by adding at the end of such subsection the following new paragraph:

"State."

"(5) The term 'State', as used in this subsection, includes the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States."

(c) Clause (D) of paragraph (1) of subsection (k) of section 203 ^{63 Stat. 387.}
of the Federal Property and Administrative Services Act of 1949 is ^{40 USC 484.}
amended by inserting after "District of Columbia" a comma and the
words "the Commonwealth of Puerto Rico,".

Approved June 3, 1955.

